

LEGG MASON BALANCED INCOME PORTFOLIOS

Investment overview

Legg Mason Balanced Income Portfolios pursue an objective of long-term growth and high current income through a combination of asset allocation and fundamental security analysis. Legg Mason's ClearBridge Investments subsidiary determines the portfolio's allocations among equities, fixed income securities and cash equivalents and also selects equity investments for the portfolios. Fixed income investments are managed on the basis of investment instructions furnished by Western Asset.

Investment objective

Seeks to:

- Provide a high level of current income by investing in high-quality, undervalued companies and select fixed income instruments
- Achieve long-term capital growth.
- Outperform a 70/30 blend of the Russell 1000 Value Index¹ and the Bloomberg Barclays U.S. Intermediate Treasury Bond Index.²

Investment philosophy

We believe that:

- A combination of steady income and conservative capital growth may be achieved in a single portfolio.
- Blending top-down macroeconomic research with bottom-up fundamental analysis may enhance the portfolio's overall return.

Asset allocation

- Diversify across equity, fixed income and cash allocations.

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.

Western Asset, one of the world's leading fixed income managers, was founded in 1971. With a focus on long term fundamental value investing that employs a top-down, bottom-up approach, the firm has nine offices around the globe and deep experience across the range of fixed income sectors. Western Asset has been recognized for its emphasis on team management and intensive proprietary research, supported by robust risk management.

Investment management team

Mark McAllister, CFA,
Managing Director

- Portfolio Manager
- Industry since 1987

Peter Vanderlee, CFA
Managing Director

- Portfolio Manager
- Industry since 1999

Western Asset team-managed approach

- Team unites groups of specialists dedicated to different market sectors
- Each group of sector specialists utilizes their expertise in bottom-up analysis of each portfolio sector

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.

Fixed income securities are subject to interest rate and credit risk, which is a possibility that the issuer of a security will be unable to make interest payments and repay the principal on its debt. As interest rates rise, the price of fixed income securities falls.

Fixed income securities are subject to illiquidity risk, which is the risk that securities may be difficult to sell at certain prices when no market participants are willing to purchase the securities at such prices. U.S. Treasuries are direct debt obligations issued and backed by the "full faith and credit" of the U.S. government. The U.S. government guarantees the principal and interest payments on U.S. Treasuries when the securities are held to maturity. Unlike U.S. Treasury securities, debt securities issued by the federal agencies and instrumentalities and related investments may or may not be backed by the full faith and credit of the U.S. government. Even when the U.S. government guarantees principal and interest payments on securities, this guarantee does not apply to losses resulting from declines in the market value of these securities.

Investments may include ETFs representing U.S. securities markets, industry and market capitalization sectors, non-U.S. country and regional markets, and other types of non-U.S. markets and sectors. In addition, a client will bear a proportionate share of the separate fees and expenses incurred by any ETF in which the clients' account is invested.

Tapering of the Federal Reserve Board's quantitative easing program and a general rise in interest rates may lead to increased portfolio volatility.

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.

² The Bloomberg Barclays U.S. Intermediate Treasury Bond Index is comprised of all public obligations of the U.S. Treasury. Investors cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges. Income from coupon is subject to reinvestment.

Investment process

STEP 1

Define the investment universe

Consider common stocks, convertible and non-convertible preferred stocks, convertible bonds, ADRs, real estate investment trusts (REITs), U.S. Treasuries, U.S. Government agency securities and, to a limited extent, ETFs.¹

STEP 2

Evaluate stocks using proprietary discipline

Perform top-down macroeconomic research to drive sector weightings and emphasize industry themes and trends.

STEP 3

Base selection on fundamental security analysis and stress a current income and long-term value orientation

- Equity and equity-related investments may include common stocks, preferred stocks, convertible bonds, ETFs, ADRs and REITs. Focus on companies with healthy balance sheets selling at or near book value and at prices that do not accurately reflect cash flows, tangible assets, or management skills.
- Fixed income investments may include U.S. Treasuries and U.S. Government agency securities. Fixed-income investments have an average maturity of 10 years or less.

STEP 4

Fundamental analysis

- Re-examine when technicals/fundamentals deteriorate, full growth potential is reached, material insider buying/selling is apparent or to capitalize on temporary bond mispricing.
- Adeptly assesses market conditions and at times hold significant amounts of cash reserves as a portion of the portfolio while waiting for buying opportunities.

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
Balanced Income (gross)	5.53	3.70	13.17	8.48	8.07	5.61	8.05	9.11	6.66	6.60	8.39
Balanced Income (net)	5.28	2.94	11.54	5.33	4.94	2.54	4.92	5.94	3.56	3.51	5.25
Index Mix	5.27	3.52	12.63	8.19	7.65	5.96	8.98	10.09	6.72	5.88	8.42
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
Balanced Income (gross)	-6.56	12.57	9.20	-1.26	7.23	18.36	9.78	1.39	12.76	19.87
Balanced Income (net)	-9.31	9.31	6.03	-4.15	4.11	14.95	6.60	-1.57	9.50	16.42
Index Mix	-5.23	9.81	12.40	-2.16	10.16	21.49	12.69	2.54	12.85	13.71
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.

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.

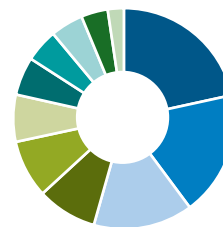
The index mix consists of 70% Russell 1000 Value, 30% Bloomberg Barclays U.S. Intermediate Treasury Bond Index.

YTD numbers are not annualized. **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.

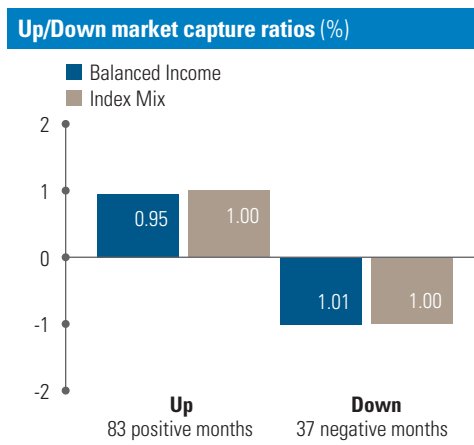
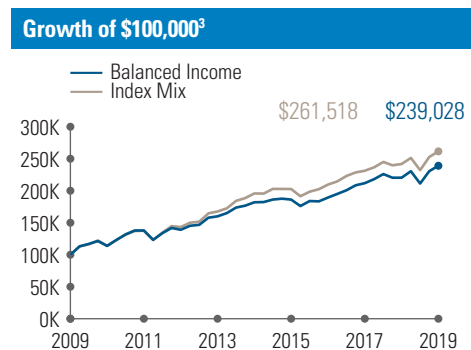
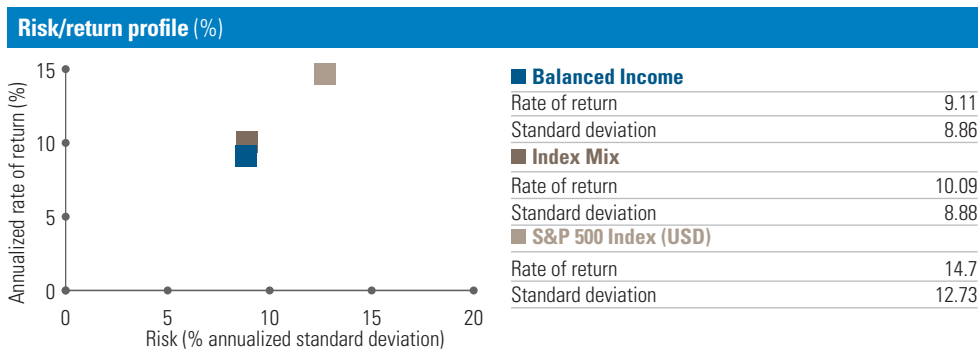
¹ Investments may include ETFs representing U.S. securities markets, industry and market capitalization sectors, non-U.S. country and regional markets, and other types of non-U.S. securities markets and market sectors. In addition, a client will bear a proportionate share of the separate fees and expensed incurred by any ETF in which the clients' account is invested.

Portfolio information¹ as of June 30, 2019

Top ten equity holdings (%)		Sector weightings (%)	
Merck & Co Inc	2.58	Information Technology	21.58
Microsoft Corp	2.41	Financials	18.27
Johnson & Johnson	1.98	Health Care	14.55
Lockheed Martin Corp	1.84	Industrials	8.77
JPMorgan Chase & Co	1.76	Consumer Staples	8.47
Pfizer Inc	1.59	Energy	6.89
Home Depot Inc/The	1.52	Communication Services	5.60
Automatic Data Processing Inc	1.49	Materials	4.84
Citigroup Inc	1.48	Real Estate	4.80
AT&T Inc	1.42	Consumer Discretionary	3.90
Total	18.07	Utilities	0.00
		Cash	2.35



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



Modern portfolio statistics

Alpha	-0.68
Beta	0.98
Sharpe ratio	0.98
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.

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.

¹ Holdings, sector weightings, market capitalization and portfolio characteristics are subject to change at any time and are based on a representative portfolio. Holdings, sector weightings, market capitalization and portfolio characteristics of individual client portfolios in the program may differ, sometimes significantly, from those shown. This information does not constitute, and should not be construed as, investment advice or recommendations with respect to the securities and sectors listed. Source: FactSet.

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	-9.31	-6.56	-5.23	1,527	100	0.51	7.88	7.37	429.8	0.8	50,961.6
2017	9.31	12.57	9.81	1,630	100	0.51	6.93	6.90	516.9	1.0	53,956.9
2016	6.03	9.20	12.40	1,728	100	0.59	7.32	7.38	523.0	1.1	46,104.9
2015	-4.15	-1.26	-2.16	1,958	100	0.24	6.93	7.48	573.8	1.3	42,608.6
2014	4.11	7.23	10.16	2,127	100	0.42	n/a	n/a	650.3	1.5	42,421.5
2013	14.95	18.36	21.49	2,218	100	1.08	n/a	n/a	668.0	1.8	37,054.3

*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:

Legg Mason Private Portfolio Group, LLC ("LMPPG") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Legg Mason Private Portfolio Group, LLC 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.

Firm Information:

Legg Mason Private Portfolio Group, LLC is a wholly-owned subsidiary of Legg Mason, Inc. LMPPG, together with its Subadvisers ClearBridge Investments, LLC ("ClearBridge"), Martin Currie Inc. ("Martin Currie"), QS Investors, LLC ("QS"), RARE Infrastructure (North America) Pty Ltd ("RARE"), Royce & Associates, LP ("Royce") and Western Asset, provides investment advisory services primarily in investment programs sponsored by Sponsor Firms. The investment advisory services LMPPG and the Subadvisers provide differ depending on the type of Sponsor Firm investment program in which a client participates. ClearBridge, Martin Currie, QS, RARE, Royce and Western Asset claim compliance with the Global Investment Performance Standards (GIPS®) and have been independently verified through 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. LMPPG has used Subadvisers for all periods presented.

Composite Information:

The Legg Mason Balanced Income 70/30 composite consists of discretionary wrap accounts with an account minimum of US \$25,000. The strategy seeks an objective of long-term growth and high current income through a combination of asset allocation and fundamental security analysis. The main risks of this strategy are General Investment Risk, Small Cap Risk, Mid Cap Risk, Illiquidity Risk, Credit Risk, Interest Rate Risk and Asset Allocation 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. 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. Data prior to January 2013 is not displayed because that data is non GIPS compliant. The three-year annualized ex-post standard deviation is not available prior to 2015 because the composite did not have 36 months of GIPS compliant data. 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 composite uses the following blended benchmark 70% Russell 1000® Value / 30% Bloomberg Barclays US Intermediate Treasury which is rebalanced monthly. Benchmark returns are not covered by the report of independent verifiers.

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

The Bloomberg Barclays U.S. Intermediate Treasury Bond Index is comprised of all public obligations of the U.S. Treasury.

The S&P 500 Index is a broad-based measurement of changes in stock market conditions based on the average performance of 500 widely held common stocks. Investors cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges. The index is not managed and not subject to management or brokerage commissions. Dividends are subject to reinvestment.

TERMS AND DEFINITIONS:

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 the portfolios historical risk-adjusted performance.

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

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, 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.

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.

www.leggmason.com

©2019 Legg Mason Investor Services, LLC. Member FINRA, SIPC. Legg Mason Investor Services, LLC, ClearBridge Investments, LLC and Western Asset Management Company, LLC are subsidiaries of Legg Mason, Inc. 3P 890280 SAMX012211 FN1413088 D8882