

LEGG MASON

DIVERSIFIED RISK PORTFOLIO – GROWTH

Investment overview

The Legg Mason Diversified Risk Portfolios are a suite of six multi-asset portfolios designed to deliver long term capital growth consistent with a target investment risk profile. Developed utilizing the portfolio construction expertise of QS Investors, the Portfolios incorporate active management and tactical positioning to seek to enhance return potential, diversification and alternative assets to mitigate risk, and passive strategies to manage cost. The Legg Mason Diversified Risk Portfolio – Growth generally targets 80% equity exposure.

Investment objective

Seeks long-term capital growth consistent with its target investment risk profile.

Investment philosophy

Multi-Tiered Diversification

- No single market environment or investment view persistently drives results therefore we seek to diversify across multiple dimensions and complementary investment perspectives.

Adaptive Approach

- While markets can be efficient in the long term, market performance over the short term is influenced by investors' patterns of behavior creating investment opportunities, therefore we embed flexibility to adapt to changing market environments.

Risk-Aware Construction

- Mitigating downside risk is essential to compounding returns over time therefore we incorporate strategies that are lowly correlated with traditional indices that seek to deliver more consistent risk adjusted returns over time.

Key differentiators

- Leverages the asset allocation expertise of QS Investors, a multi-asset class solutions manager with a singular mission to elevate the certainty of outcomes they deliver to investors through a deeper understanding of investment and human dynamics.
- Provides ease of access to the specialized expertise of a diverse group of Legg Mason specialized investment managers – ClearBridge Investments, Brandywine Global, Martin Currie, QS Investors, RARE and Western Asset – in a single portfolio.
- A single multi-asset portfolio solution managed to a specific risk level that offers built in diversification and incorporates a dynamic asset allocation approach that adapts to changing market environments in search of return opportunities.

Management team

QS Investors is a quantitative asset manager that provides multi-asset class and global equity solutions. Their approach unites intellectual and academic precision with the power of data and technology in their quest to elevate the certainty of outcomes they deliver.

Investment management team

Adam Petryk, CFA
President & CEO

- Portfolio Manager
- Industry since 1996

Thomas Picciochi, CAIA
Head of Multi-Asset Portfolio Management

- Portfolio Manager
- Industry since 1987

Ellen Tesler

- Portfolio Manager
- Industry since 1999

Risks: All investments involve risk, including loss of principal and there is no guarantee that investment objectives will be met. Fixed income securities involve interest rate, credit, inflation and reinvestment risks; and possible loss of principal. As interest rates rise, the value of fixed income securities falls. High-yield bonds are subject to greater price volatility, illiquidity and possibility of default. Asset-backed, mortgage-backed or mortgage-related securities are subject to prepayment and extension risks. International investments are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in emerging markets. 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. Equity securities are subject to price fluctuation and possible loss of principal. 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. Derivatives, such as options and futures, can be illiquid, may disproportionately increase losses, and have a potentially large impact on Portfolio performance. Certain underlying strategies may use derivatives to a significant extent, which could result in substantial losses and greater volatility in the Portfolio's net assets. 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 expensed incurred by any ETF in which the clients' account is invested. Active and frequent trading may increase a shareholder's tax liability and transaction costs, which could detract from Portfolio performance. Some underlying strategies may be classified as non-diversified, which means they may be permitted to invest a higher percentage of its assets in any one issuer than a diversified Portfolio, which may magnify the strategy's losses from events affecting a particular issuer. The managers' investment style may become out of favor and/or the manager's selection process may prove incorrect, which may have a negative impact on strategy performance. Active management does not ensure gains or protect against market declines. Diversification and asset allocation does not guarantee a profit or protect against a loss.

Investment process

QS Investors uses a systematic investment process for portfolio construction. The multi-strategy process incorporates sophisticated statistical techniques to build a portfolio that balances risk and potential reward based on the target risk level. QS Investors uses the available universe of actively managed Legg Mason strategies along with passive ETFs to invest in a globally diversified mix of underlying assets designed to deliver on the portfolio objective.

STEP 1

Strategic Asset Allocation

- Asset allocation is based on QS Investors' long-term global perspective on capital markets and expertise examining complex market dynamics.
- The strategic asset mix is constructed to provide return potential while managing downside risk.
- The strategic asset allocation is reviewed annually.

STEP 2

Manager Allocation

- Identify the universe of actively managed Legg Mason strategies and passive ETFs.
- Evaluate and validate manager's style and optimally combine to deliver on the stated objective.
- Ensure managers are delivering the risk that is expected.

STEP 3

Tactical Asset Allocation

- Evaluate a diverse set of signals across asset classes, timing, and investment timeframe to identify shorter-term opportunities in the market.
- Utilize passive ETFs to tactically adjust exposure on a monthly basis.

Performance

Annualized rates of return - gross and net of fees (%) as of March 31, 2019 - PRELIMINARY Inception Date: 7/31/2017

	Mar '19	Q1 '19	YTD	1-year	Since Inception
Growth (gross)	0.86	10.87	10.87	5.63	7.61
Growth (net)	0.61	10.08	10.08	2.56	4.49
Index Mix	1.37	10.90	10.90	5.31	7.53
Russell 3000 Index	1.46	14.04	14.04	8.77	11.07
MSCI EAFE Index (Net)	0.63	9.98	9.98	-3.71	2.36

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

	2018
Growth (gross)	-4.92
Index Mix	-5.95
Russell 3000 Index	-5.24
MSCI EAFE Index (Net)	-13.79

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 **Index Mix** consists of 58% Russell 3000 Index, 22% MSCI EAFE Index (Net), and 20% Bloomberg Barclays U.S. Aggregate Index.

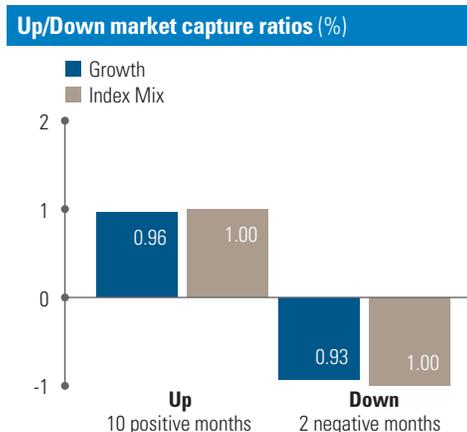
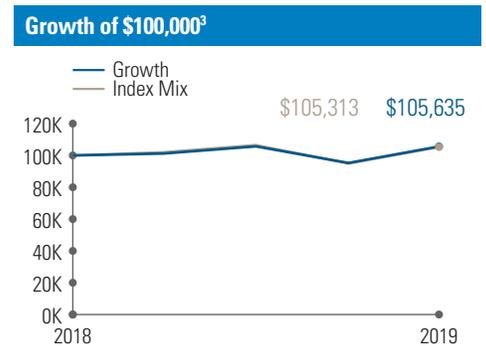
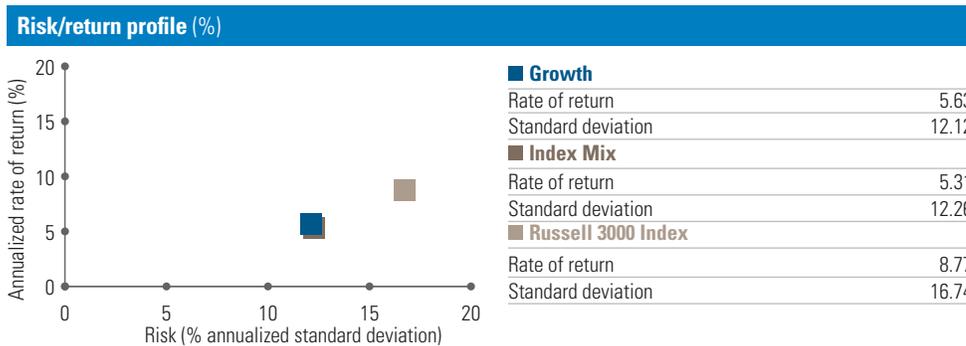
Past performance is not a guarantee of future results. Please see GIPS® Endnotes for important additional information regarding the portfolio performance shown and for effects of fees. Management and performance of individual accounts may vary for reasons that include the existence of different implementation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

Separately Managed Accounts (SMAs) are investment services provided by QS Investors, a federally registered investment advisor. Client portfolios are managed based on investment advice provided by QS Investors. Management is implemented by the program sponsor or its designee.

Portfolio information¹ as of March 31, 2019

Holdings (%)		Characteristics	
QS Global Dividend Fund Class IS	19.37	Number of Holdings	14
iShares Russell 1000 ETF	14.54	Current Yield (%)	3.77
ClearBridge Value Trust Class I	13.04		
ClearBridge Large Cap Growth Fd Class I	9.20		
ClearBridge Aggressive Growth Fund Class I	7.75		
ClearBridge Small Cap Fund Class I	5.76		
ClearBridge International Growth Fund Class I	5.12		
RARE GLOBAL INFRASTRUCTURE VALUE FD CL IS	5.09		
SPDR Bloomberg Barclays High Yield Bond ETF	4.93		
QS Global Market Neutral Fund CI IS	4.90		
Western Asset Macro Opportunities Fund I	4.85		
Martin Currie Emerging Markets Fund Class I	4.06		
iShares MSCI EAFE ETF	0.55		
iShares Core U.S. Aggregate Bond ETF	0.05		

Performance statistics (gross of fees)² – Preliminary (based on 1-year period ended March 31, 2019)



Modern portfolio statistics

Alpha	0.35
Beta	0.98
Sharpe ratio	0.34
R-Squared	0.99

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 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.

QS Multi-Asset Solutions – Growth Retail Composite GIPS® Endnotes Schedule of Investment Performance for the Period: December 31, 2018.
 Blended Static Benchmark: 20% Bloomberg Barclays US Aggregate Bond Index; 58% Russell 3000 Index; 22% MSCI EAFE (Net) Index.

Period Ending (a)	Net Composite Returns (%)	Gross Returns (%)	Benchmark (%) (b)	Net Composite 3 - Year Standard Deviation (c)	Benchmark 3 - Year Standard Deviation (c)	Number of Accounts	Composite Assets (US\$m)	Firm Assets (US \$m)	Composite Dispersion (d)	% of Bundled Fee Portfolios in the Composite
2018	-7.71	-4.92	-5.95	N/A	N/A	≤5	0.2	17,946	N/A	100
2017 7/1 – 12/31	6.30	7.87	8.87	N/A	N/A	≤5	0.2	20,774	N/A	100

Notes:

- a) If applicable, partial reporting periods are a result of the inception or termination of the composite as further described below. Partial period returns of less than a year are not annualized.
 - b) Due to differences in sources for benchmark performance, there may be slight variances between benchmark returns noted above and those from other published sources.
 - c) 3-year annualized ex-post standard deviation; 3-year annualized ex-post standard deviation is not applicable because it does not have a 3-year history.
 - d) Asset-weighted standard deviation; calculated for net returns for composites with more than five portfolios active over the full year.
- See Accompanying Notes below.

1. Basis of Presentation

QS Investors, LLC ("QS Investors" or "the Firm"), is a registered investment adviser with the Securities and Exchange Commission, providing investment and advisory services to a diverse array of institutional, retail and sub-advisory clients worldwide. Registration as an investment adviser does not imply any level of skill or training. The Firm is headquartered in New York City with an additional office in Boston, Massachusetts. The Firm provides discretionary and non-discretionary advice and investment management to domestic and international clients based on their investment objectives, guidelines, and risk tolerance, each of which may be customized to address specific client needs. QS Investors, LLC launched in August 2010 and became a wholly-owned, independently managed affiliate of Legg Mason, Inc. on May 31, 2014. As part of this transaction, Legg Mason merged QS Batterymarch Financial Management, Inc. ("QS Batterymarch") and QS Legg Mason Global Asset Allocation, LLC ("QS LMGAA"), two other affiliates, into QS Investors. QS Investors claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. QS Investors has been independently verified for the periods August 1, 2010 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.

This presentation of investment performance sets forth the time-weighted net rates of return for the QS Multi-Asset Solutions – Growth Retail Composite (the "Composite") for the period shown. Past performance is no guarantee of future results and may differ in future time periods.

2. Composite Description

The Composite includes 100% non-fee-paying portfolios managed on a fully discretionary basis that seeks long-term growth of capital. It is an asset allocation strategy that invests in a range of equity, fixed income, and alternative mutual funds and ETFs in order to meet its investment objective. The portfolio managers will allocate between 65% to 95% of a portfolio's assets to underlying funds that invest in equity and equity-like strategies and between 35% to 5% of a portfolio's assets to underlying funds that invest in fixed income strategies.

Eligible new portfolios are added to the Composite at the start of the first performance measurement period following the date that the portfolio is fully invested as defined by the Composite strategy. Securities listed on any national exchange are valued at their last trade price. Securities that are not listed are valued at the most recent publicly quoted bid price. Securities transactions are recorded on a trade date basis. If applicable, dividend income is recorded as of the ex-dividend date. Returns reflect the reinvestment of dividends and other earnings. There has been no minimum account size for this composite. The Composite's inception date is July 1, 2017, with a creation date of June 30, 2017.

3. Calculation of Rates of Return

Composite returns are expressed in US dollars. For each portfolio within the Composite, the total rate of return for the time period is equal to the change in the market value of the portfolio, including capital appreciation, depreciation and income, as a percentage of the beginning market value of the portfolio, adjusted for the net of all contributions and withdrawals (the "cash flows"). Rates of return are calculated on a daily "time-weighted" basis and are net of withholding taxes, where applicable, for all portfolios which comprise the Composite. Daily time-weighted rates of return minimize the effect of cash flows on the investment performance of the portfolio. There are no known material differences between the Firm's source of foreign exchange rates and that of the benchmark.

Monthly Composite rates of return are computed by taking an asset weighted average of each portfolio's monthly rate of return within the Composite, utilizing their respective beginning market values for the period. Annual Composite rates of return are derived by geometrically linking monthly Composite rates of return. Pure gross of fee performance shown is gross of transaction and commission costs. 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%). The "bundled" fee includes transaction costs, investment management, custodial, and other administrative fees. Advisory fees are described in QS Investors, LLC's Form ADV, Part 2A brochure. Actual management fees may vary depending upon, among other things, the account type, the applicable management fee schedule and the portfolio size. The standard deviation of comparable performance over time is a measure of dispersion. This calculation measures the fluctuation of the rates of return of portfolios with the Composite in relation to the average return. Dispersion is not shown for composites with 5 or less portfolios for a full year as it is not meaningful.

4. Composite Benchmark

Composite returns are measured against a mixed static blend of 20% Bloomberg Barclays US Aggregate Bond Index, 58% Russell 3000 Index and 22% MSCI EAFE (Net) Index. Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency). Provided the necessary inclusion rules are met, US Aggregate eligible securities also contribute to the multi-currency Global Aggregate Index and the US Universal Index, which includes high yield and emerging markets debt.

The Russell 3000 Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Russell 3000 Index is constructed to provide a comprehensive, unbiased, and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are reflected. The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. It is a total return index with Net Dividends. Total Return indices measure the price performance of markets with the income from constituent dividend payments. Net total return indexes reinvest dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. The benchmark is used for comparative purposes only and generally reflects the risk or investment style of the investments reported on the schedule of investment performance. Investments made by the Firm for the portfolios it manages according to the Composite strategy may differ from those of the benchmark. Accordingly, investment results will differ from those of the benchmark.

The Firm's portfolios are actively managed, while the index is unmanaged and may contain securities different from those included in the Firm's portfolios. Bloomberg Barclays, FTSE Russell, MSCI Inc. are the source and owner of the Bloomberg Barclays, Russell, MSCI Inc. Indices data contained or reflected in this material and all trademarks and copyrights related thereto. The material may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. This is the Firm's presentation of the data. The Bloomberg Barclays, FTSE Russell and MSCI Inc. are not responsible for the formatting or configuration of this material or for any inaccuracy in presentation thereof. The index providers are the sources and owners of the index data contained or reflected in this material and all trademarks and copyrights related thereto.

5. Additional Information and Information Available upon Request

In addition to the Composite, the Firm provides investment management services utilizing different strategies. The following information is available upon request: policies for valuing portfolios, calculating performance, and preparing compliant presentations; a complete list and description of the Firm's composites; QS Investors, LLC's Form ADV, Part 2A brochure; a list of other Legg Mason affiliates.

Index/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 portfolio's historical risk-adjusted performance.

R-squared measures the strength of the linear relationship between a fund and its benchmark. R-squared at 100 implies perfect linear relationship and zero implies no relationship exists.

Current Yield is defined as the coupon of a bond divided by its price.

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.

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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