ClearBridge Investments
A Legg Mason Company

2Q 2019 | Separately Managed Accounts | Product Commentary

CLEARBRIDGE ALL CAP GROWTH PORTFOLIOS

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Portfolio Managers

All Cap Growth Portfolios

Annualized returns net and gross of fees - PRELIMINARY

(%) as of June 30, 2019

	1-mo	QTR	YTD	1-yr	3-yr	5-yr	7-yr	10-yr
Net of fees	6.56	3.86	17.43	5.07	12.76	8.30	13.03	13.58
"Pure" gross of fees	6.80	4.62	19.13	8.22	16.11	11.53	16.39	16.95
Russell 3000 Growth Index	6.93	4.50	21.41	10.60	17.81	13.02	15.54	16.13

The strategy returns 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.

Monthly, quarterly and YTD numbers are not annualized. **Past performance is no guarantee of future results.** Please see the GIPS® endnotes for important additional information regarding the portfolio performance 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.

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 may vary. For fee schedules, contact your financial professional, or if you enter into an agreement directly with LMPPG, refer to LMPPG's Form ADV disclosure document.

Returns reflect the reinvestment of dividends and other earnings.

Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Russell 3000 Growth Index measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values.

Key takeaways

- Equities touched new highs, with performance broadening across the market to include more cyclical and undervalued areas.
- Our diversified approach to targeting growth stocks at different stages of their business life cycle led us to several new opportunities during the second quarter.
- We are maintaining a balance of offense and defense in the portfolio through what we expect to be a volatile period that is typical late in the market cycle.

Market overview and outlook

Equities endured a roller coaster ride during the second quarter on the way to finishing at new record highs. The S&P 500 Index gained 4.30% during the quarter and is up 18.54% year to date, its best first-half showing since 1997. Meanwhile, the Russell 3000 Index added 4.10%, while the Russell Midcap Index rose 4.13%. Growth stocks again led the way, with the benchmark Russell 3000 Growth Index gaining 4.50% for the quarter to post a first-half return of 21.41%, topping its value counterpart by 82 basis points for the quarter and 536 bps year to date.

The U.S. Federal Reserve jump-started the latest up leg for equity markets, as June remarks by Fed Chairman Jerome Powell took a decidedly dovish tone that hinted at future interest rate cuts. Both stocks and bonds rallied on the news, with the 10-year U.S. Treasury yield retreating to finish the second quarter 40 basis points lower at 2.0%. A suddenly accommodative Fed, joining the easy monetary policy pledge of the European Central Bank, helped ease volatility caused by heightened trade tensions between the U.S. and China – including the banning of U.S. company sales to Chinese telecom equipment provider Huawei, President Trump's threat to impose tariffs on Mexico, and increasing signs of a slowing global economy.

Markets got a further boost late in the quarter on optimism that the G-20 summit would bring the U.S. and China closer to a trade truce. Despite perceived progress, much remains to be worked out over what the trade framework will ultimately be and how that will affect global supply chains. The companies we own in the All Cap Growth Portfolios can do well in a low-growth environment as long as they know the rules. But the administration's backtracking on trade policy and its use for non-economic reasons – President Trump lifted the Huawei ban and suspended the latest round of Chinese tariffs at the G-20 meeting and backed off a threat to impose tariffs on Mexican imports for poor immigration enforcement at its southern border – creates uncertainty on capital spending. We are seeing a pause in activity across industries from semiconductors to steel companies.

Clearly global economic activity is pausing, and those companies that can grow organically and generate healthy amounts of free cash flow should trade at a premium, since growth is scarce. Investors are willing to pay up to own stocks that can thrive on their own, which has driven up the valuation of portfolio holdings such as Comcast, whose scale and premium content assets with its recent acquisition of Sky have driven improving results, as well as Visa, which is at the forefront of a massive shift to electronic payments, and TE Connectivity, which supplies the equipment to power next-generation communications across industries.

Cyclically oriented financials (+8.39%) and materials (+7.04%) both outperformed IT (+6.48%) in the second quarter. But the most encouraging evidence came with the announcement of two significant acquisitions of portfolio holdings in the energy and health care sectors that support our thesis that mergers and acquisitions (M&A) will be a primary catalyst of leadership change.

In May, Anadarko Petroleum agreed to be acquired by Occidental Petroleum, which outbid Chevron for the exploration & production (E&P) company. Anadarko, which we have owned since 2003, is being acquired at a significant premium to where its shares were trading prior to the announcement of deal talks. Both companies were attracted to Anadarko's disciplined execution, which, in a period of accelerating U.S. shale production, has been focused on generating free cash flow, reducing debt through asset sales and returning capital to shareholders. Anadarko also maintains an attractive asset base in the shale-rich Permian Basin.

The Anadarko deal further consolidates the E&P sector, which demonstrates that during a period of range-bound commodity prices, the industry needs to shrink to remain efficient. The stocks of energy companies have been disconnected from crude oil prices since 2016, but we believe a leaner E&P industry has a greater chance of being valued in line with fundamentals. Oil services stocks have also lagged due to depressed capital spending on offshore and international production. We closed a position in Schlumberger during the quarter as the comeback in international capex has taken longer than we expected. The potential for consolidation here, as well as the likelihood of an equipment refresh cycle in the second half of the year, could help monetize the value of the services companies we still own. Companies with strong balance sheets and business models stand to gain share in the downturn and emerge in a stronger competitive position on the other side of the cycle.

Health care, which represents the portfolio's largest overweight, has faced performance headwinds similar to energy over the last several years. The seemingly constant threat of prescription drug pricing reform and the potential for a major overhaul to the health care system has caused investors to largely stay away from the biopharmaceutical companies that constitute the bulk of our exposure. Innovative biotechnology holdings like Ionis Pharmaceuticals bore the brunt of negative investor sentiment in the second quarter. The threat of generic competition for leading branded treatments has also weighed on valuations, causing companies generating billions of dollars of cash flow, developing breakthrough treatments and possessing compelling product pipelines to trade at historically low multiples. We have stated repeatedly that such dislocations from fundamentals could not continue indefinitely and that investors would eventually find ways to extract value from these stocks.

The announcement of a proposed acquisition of Allergan by rival drug maker AbbVie late in the quarter is one such way this monetization will happen. Allergan shares climbed 40% following the news, but they are still trading at less than half their previous high. It will take some time, but we think the deal can be accretive to AbbVie and has the best chance of realizing the brand value of Botox and other leading treatment franchises of the combined company. The deal validates our approach as engaged long-term shareholders and the consistency of our process of identifying companies which we view as dramatically mispriced in the public markets and helping managements realize their value over time.

Another encouraging sign of broadening leadership has been the media industry. After being under a cloud of uncertainty over "cord cutting" and bidding wars for premium content assets, the media names we own have been strong performers year-to-date. Comcast continues to execute and is beginning to realize the synergies of its greater global scale from the acquisition of Sky. Walt Disney stands to gain share from the launch later this year of its own streaming service, while Discovery is also becoming more recognized for its earnings power and the value of its programming assets.

Our outlook remains favorable for undervalued growth companies with strong competitive positions and healthy free cash flow generation. We choose to own a select group of multi-cap companies with unique assets that have historically been monetized through operational execution or consolidation. In contrast, the leading positions in our benchmark trade in excess of $500 billion in market cap.

Despite these shifts, IT remains a core driver of performance. The portfolio's IT holdings were a detractor during the quarter, hurt by trade restrictions placed on Chinese telecom equipment maker Huawei and a slowdown in cloud and storage demand. Longer-term, enterprises are in the midst of a secular shift to cloud-based workflows. One of the top priorities of the CEOs and CTOs we speak with is to get their data out of on-premise servers and into the cloud, which offers lower costs, better security, lower latency and hence better performance. In-the-top-10 holdings Microsoft and Amazon.com benefited during the quarter from continued strong performance in the cloud parts of their businesses.

Nutanix, a maker of cloud software that enables storage, computing and networking to operate as a single platform, could also see significant upside from helping companies transition to the hybrid cloud. The company was a detractor in the second quarter, however, as it faces increased competition in what is known as the "hyperconverged infrastructure market" and works through execution issues in moving its business from a licensing to a subscription model. Information security software maker Palo Alto Networks is also in the midst of a business model transition during which billings and cash flow are often out of sync, causing volatility around short-term results. Like Nutanix, Palo Alto and similar software companies should benefit over time from recurring, subscription-based revenues.

While the cloud and software-as-a-service are powerful trends, we worry that passive flows into the largest stocks in the market are causing growth benchmarks to become overly skewed toward IT and communication services. The portfolio remains slightly underweight IT, and we will continue to be selective in adjusting our positioning in the sector.

Portfolio positioning

Our diversified approach to targeting growth stocks at different stages of their business life cycle led us to several new opportunities during the second quarter. We purchased shares of newly public Uber Technologies, which is applying its delivery platform to the ride-share, food delivery and freight logistics industries. The company has a sizable lead over its main competitor in the global ride-share market – 78% of Uber rides in 2018 were outside the U.S. – and we believe it is well positioned in the more competitive, but potentially very large, global food delivery market. While the company will face challenges such as regulatory risks, insurance costs, driver compensation and competition, we believe Uber has scale, top-tier management and share leadership that position it well to thrive profitably longer-term.

We also initiated a position in FireEye, in the IT sector. FireEye is a leader in cybersecurity incident response and threat remediation, helping enterprises in the event of a major security breach, a risk that has become a CEO-level priority across most enterprises and one that is more immune from cyclicality than other technology spending. FireEye is cash flow positive and trades at a significant valuation discount to many of its cybersecurity peers. We believe the company's early adoption of cloud, subscription and managed security as a way to offer security services, and focus on cash flow, give it a competitive advantage.

Outlook

We enter the second half against a mixed economic backdrop and far-from-settled geopolitical landscape. On the corporate front, earnings growth has been good but a step down from the great results of 2018 as the benefits of comprehensive tax reform recede and year-over-year comparables get tougher. The market is also nearing full valuation. Caution is creeping into the IT sector as a semiconductor recovery is being pushed out and hyperscale vendors are digesting previous capacity additions. Regulation of the largest IT and Internet companies could also remain a headwind through the 2020 election cycle.

As discussed above, we have been actively repositioning the Portfolio to prepare for these uncertainties. By owning a diversified range of companies with different growth drivers, we are able to maintain a balance of offense and defense in anticipation of what we expect to be a volatile period typical in the later stages of a market cycle.

Portfolio highlights

For the second quarter, the ClearBridge All Cap Growth Portfolios gained 4.62% (gross of fees), while the benchmark Russell 3000 Growth Index gained 4.50% for the same period. Over the longer term, the Portfolios have outperformed the benchmark for the 7- and 10-year periods ended June 30, 2019 (gross of fees).

On an absolute basis, the Portfolios had gains across all 10 sectors in which they were invested (out of 11 sectors total). The primary contributors to performance were the IT and communication services sectors.

Relative to the benchmark, overall stock selection contributed to performance. In particular, stock selection in the energy and communication services sectors drove results. On the negative side, stock selection in the IT sector and overweights to health care and energy detracted the most from relative returns.

On an individual stock basis, positions in Microsoft, Anadarko Petroleum, Facebook, L3 Technologies and Walt Disney were the greatest contributors to absolute returns. The largest detractors included Alphabet, Ionis Pharmaceuticals, Palo Alto Networks, Nutanix and W.W. Grainger.

During the second quarter, in addition to the transactions mentioned above, we initiated a position in Advance Auto Parts, in the consumer discretionary sector, and closed positions in Weatherford International, in the energy sector, Yum China Holdings, in the consumer discretionary sector, and Red Hat, in the IT sector.

Top contributors[1]

	Contribution to equity return %
Microsoft Corporation	0.43
Anadarko Petroleum Corporation	0.42
Facebook, Inc.	0.34
L3 Technologies, Inc.	0.34
Walt Disney Company	0.31

Source: FactSet.

In terms of individual stocks, the top contributors to Portfolio performance for the quarter included:

Facebook (FB), in the communication services sector, manages a family of online social networking platforms with around 2.7 billion monthly active users and generates revenue principally through advertising. The shares trended higher on the back of strong impressive quarterly results that topped revenue forecasts on strong user engagement and revenue per user. Facebook continues to invest aggressively in its businesses, has tripled the number people it employs to work on issues of data privacy and security in recent years, and has shown a willingness to work with others on issues of regulation, oversight and consistency.

L3 Technologies (LLL), in the industrials sector, is a developer of aircraft communications, electronics and reconnaissance systems for global government and commercial markets. The closure of its merger with Harris, a new defense contract, and a solid quarter for defense stocks helped lift the shares.

Walt Disney (DIS), in the communication services sector, is a media company that owns a range of entertainment brands including Disney, Marvel, Pixar and Star Wars. It also owns broadcaster ABC and cable channel ESPN, and it recently acquired the film and TV assets of 21st Century Fox. Shares trended higher after the company's analyst day at which Disney laid out details regarding the investment cost and profit opportunity it envisions for its streaming services expected to launch in November.

[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. Please see Endnotes for additional information. This information does not constitute, and should not be construed as, investment advice or recommendations with respect to the sectors and securities listed, and it should not be used as the sole basis for any investment decision. **Past performance is no guarantee of future results.**

Bottom contributors[2]

	Contribution to equity return %
Alphabet Inc.	-0.30
Ionis Pharmaceuticals, Inc.	-0.30
Palo Alto Networks, Inc.	-0.25
Nutanix, Inc.	-0.17
W.W. Grainger, Inc.	-0.12

Source: FactSet.

The bottom contributors to Portfolio performance for the quarter included:

Ionis Pharmaceuticals (IONS), in the health care sector, is a biotechnology company developing genetic-based treatments for rare diseases. The overhang of political rhetoric on prescription drug pricing and fears of new competition for its RNA therapies weighed on the stock.

Alphabet (GOOGL), in the communication services sector, is a global leader in Internet search, advertising and video through its YouTube channel. The company is also on the vanguard of artificial intelligence, machine learning and cloud. The stock sold off on reports that the Department of Justice will launch a probe into its search practices, combined with slowing revenue growth in its core search business.

W.W. Grainger (GWW), in the industrials sector, is a leading supplier and servicer of industrial equipment across a range of commercial markets. First-quarter results that missed revenue forecasts due to modestly weaker-than-expected demand in the U.S. and Canada, as well as a deteriorating manufacturing environment, weighed on the stock.

[2] 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. Please see Endnotes for additional information. This information does not constitute, and should not be construed as, investment advice or recommendations with respect to the sectors and securities listed, and it should not be used as the sole basis for any investment decision. **Past performance is no guarantee of future results.**

Market capitalization[3]

Market cap breakdown ($)	Portfolio weight	Benchmark weight
Above 50 billion	63.70	63.47
25-50 billion	13.67	13.36
10-25 billion	16.32	10.49
3-10 billion	5.95	8.14
0-3 billion	0.36	4.54
Weighted average market cap ($bil)	**197.87**	**272.70**

Source: FactSet.

Top 10 equity holdings[3]

	Percent of equity
UnitedHealth Group Inc	4.96
Comcast Corp	4.18
Amazon.com Inc	3.82
Microsoft Corp	3.37
Alphabet Inc	3.27
Facebook Inc	2.92
Broadcom Inc	2.80
Visa Inc	2.71
Autodesk Inc	2.38
Twitter Inc	2.05
Total number of holdings	**86**

Source: FactSet.

Sector highlights[3]

Average sector weightings and performance (%)

Gross of fees from 03/31/19 to 06/30/19

Sector	Port. weight	Port. return	Bench-mark* weight	Bench-mark* return	Weight diff.	Active contrib.
Information Technology	33.55	4.30	32.21	6.48	1.34	-0.69
Health Care	17.21	0.80	13.53	0.23	3.67	-0.07
Communication Services	15.16	5.77	11.63	3.45	3.54	0.28
Consumer Discretionary	8.33	4.06	15.19	5.24	-6.85	-0.14
Industrials	8.22	6.08	12.04	3.32	-3.82	0.27
Materials	3.87	4.21	1.94	7.04	1.93	-0.04
Financials	3.49	5.46	4.62	8.39	-1.13	-0.13
Consumer Staples	3.31	7.31	5.57	4.64	-2.26	0.10
Energy	2.39	9.96	0.80	-4.25	1.59	0.25
Real Estate	1.06	11.86	2.44	3.24	-1.37	0.11
Utilities	0.00	0.00	0.04	4.28	-0.04	0.00
Cash	3.41	0.00	0.00	0.00	3.41	-0.15

*Benchmark: Russell 3000 Growth Index.

Source: FactSet.

[3] 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. Please see Endnotes for additional information. This information does not constitute, and should not be construed as, investment advice or recommendations with respect to the sectors and securities listed, and it should not be used as the sole basis for any investment decision. **Past performance is no guarantee of future results**.

Important information

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, a 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.

Please refer to www.leggmason.com for more information about the Portfolio, including objective, risks and investment process. The information presented does not constitute and should not be construed as investment advice with respect to any investment discussed. There is no guarantee that investment objectives will be met. An investor cannot invest directly in an index. Investments are not FDIC insured or guaranteed by any government agency. Values may fluctuate due to market conditions and other factors.

Past performance is no guarantee of future results.

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

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 both 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.

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 it 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.

Professional money management may not be suitable for all investors.

Factual information relating to the securities discussed was obtained from sources believed to be reliable, but there can be no guarantee as to its accuracy. It should not be assumed that investments made in the future will be profitable or will equal the performance of the securities discussed in the material.

Returns reflect the reinvestment of dividends and other earnings.

Risks

All investments involve risk, including loss of principal, and there is no guarantee that investment objectives will be met. In addition to investments in large-capitalization companies, investments may be made in speculative and/or small-cap and mid-cap companies, which involve a higher degree of risk and volatility than investments in larger, more established companies. In addition, because the investments may be concentrated in a limited number of industries and companies, the Portfolios may involve heightened risk. 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.

Definitions and additional information

Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

A **basis point (bp, or bps)** is one one-hundredth of one percent (1/100% or 0.01%).

Capital expenditures ("capex") are funds used by a company to acquire or upgrade physical assets such as property, industrial buildings or equipment.

The **Federal Reserve Board ("Fed")** is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices, and a sustainable pattern of international trade and payments.

Free cash flow (FCF) is a measure of financial performance calculated as operating cash flow minus capital expenditures.

The **Group of 20, also called the G20,** is a group of finance ministers and central bank governors from 19 of the world's largest economies, including those of many developing nations, along with the European Union.

Russell 3000 Index is an unmanaged index of the 3,000 largest U.S. companies.

Russell 3000 Growth Index measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values.

S&P 500 Index is an unmanaged index of 500 stocks that is generally representative of the performance of larger companies in the U.S.

ClearBridge All Cap Growth SMA – GIPS® endnotes ($USD) — Ending December 31

Strategy Inception date: July 1996; Composite Creation Date: June 2008

Period	Total return (net)	Total return (*pure gross)	Russell 3000 Growth Index return	Number of portfolios	% of bundled fee portfolios in the composite	Composite dispersion	Composite 3 Yr. Standard Deviation	Benchmark 3 Yr. Standard Deviation	Total composite assets at end of period (USD million)	% of firm assets	Total firm assets at end of period (USD million)
2018	-5.62%	-2.77%	-2.12%	2,357	100	0.47%	12.78%	12.47%	1,836.5	1.7%	106,083.4
2017	20.21%	23.76%	29.59%	2,180	100	0.43%	11.67%	10.77%	2,158.3	1.8%	119,187.1
2016	5.86%	9.03%	7.39%	2,076	100	0.53%	12.54%	11.50%	1,823.4	1.8%	100,936.9
2015	1.54%	4.59%	5.09%	1,918	100	0.38%	11.97%	10.95%	1,887.0	2.0%	92,536.4
2014	11.84%	15.16%	12.44%	1,751	100	0.32%	10.94%	9.87%	1,937.9	1.9%	100,721.5
2013	37.34%	41.36%	34.23%	1,557	100	1.05%	14.40%	12.66%	1,709.9	2.0%	85,024.7
2012	18.42%	21.93%	15.21%	7,533	100	0.69%	18.02%	16.21%	1,278.2	2.3%	54,624.3
2011	-3.49%	-0.58%	2.18%	7,976	100	0.68%	20.46%	18.43%	1,243.9	2.4%	50,870.8
2010	15.16%	18.58%	17.64%	8,995	100	0.88%	n/a	n/a	1,440.2	2.6%	55,366.5
2009	38.13%	42.17%	37.01%	11,897	100	2.52%	n/a	n/a	1,697.6	3.2%	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 Growth 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 a mix of large, mid and small capitalization stocks believed to have substantial growth potential. 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, Industry and Issuer Concentration Risk, Small Cap Risk, Mid Cap Risk, High Volatility 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® Growth Index measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values. Benchmark returns are not covered by the report of independent verifiers.

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