1Q 2019 | Separately Managed Accounts | Product Commentary

ClearBridge Investments
A Legg Mason Company

CLEARBRIDGE INTERNATIONAL GROWTH ADR PORTFOLIOS

Elisa Mazen, Thor Olsson, Michael Testorf, CFA, and Pawel Wroblewski, CFA
Portfolio Managers

International Growth ADR Portfolios

Annualized returns net and gross of fees - PRELIMINARY

(%) as of March 31, 2019

	1-mo	QTR	YTD	1-yr	3-yr	5-yr	7-yr	10-yr
Net of fees	2.20	13.85	13.85	-0.64	9.83	4.88	6.47	9.14
"Pure" gross of fees	2.45	14.65	14.65	2.35	13.10	8.01	9.65	12.39
MSCI EAFE Index	0.63	9.98	9.98	-3.71	7.27	2.33	5.63	8.96

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.

Key takeaways

- Stimulative economic policies and a bounce back of growth stocks from oversold positions drove strong performance for the market and the Portfolio.
- We believe the resolution of geopolitical issues and continued strength on the consumer side will support international growth stocks going forward.
- We took advantage of performance gains to take profits and reposition the Portfolio across the three types of growth companies we target.

Market overview and outlook

International equites staged a broad-based rally in the first quarter, rebounding from fourth-quarter lows on the likelihood of continued accommodation in Europe and China. The benchmark MSCI EAFE Index advanced 9.98%, the MSCI EAFE Small Cap Index added 10.65%, and the MSCI Emerging Market Index gained 9.93%. International growth stocks outperformed their value counterparts, with the MSCI EAFE Growth Index up 12.04% for the quarter, compared with a gain of 7.92% for the MSCI EAFE Value Index.

International markets rose in the face of stubbornly weak economic data, particularly on the manufacturing side, and ongoing geopolitical headwinds. Manufacturing activity in both Europe and China has been contracting, with the ongoing trade disputes between the U.S. and China contributing to this malaise, impacting the outlook for global growth. Rising input costs on both the commodity front – Brent crude oil was up 24% in the quarter, and copper 15% – and wages have been hurting margins, and they have raised concerns over continued negative earnings impacts.

Offsetting industrial weakness, services PMI is decidedly more positive, with good job and wage growth in most regions. This has been positive for consumer spending, which, when combined with aggressive stimulus measures, have kept the non-manufacturing sectors of the markets in good shape. China has shifted from deleveraging to accommodative policies aimed at stimulating growth and consumption (rather than just increasing lending) and protecting against the negative effects of tariffs. Personal and VAT tax cuts, increases in lending facilities and other actions by China are sizable, representing 2.8% of GDP, and they are focused on the consumer, state-owned enterprises and private companies.

The Chinese consumer has been particularly strong, both domestically and through tourism spending in places like Japan. Evidence of that strength has shown up in the performance of Alibaba, the Chinese e-commerce and media conglomerate that was one of the Portfolio's best performers during the first quarter. Japanese cosmetics maker Shiseido has benefited from the return of tourism spending after fears of decline with the new Chinese e-commerce law in January, as has luxury goods group LVMH. The consumer portions of the portfolio were some of the best performers to start the year, with the companies we own meaningfully outperforming similar stocks in the benchmark.

Moving west, stocks in Europe and the U.K. represent more than half of the Portfolio's exposure, and they managed to hold up against a political backdrop that remains very much unsettled. As of this writing, the Brexit situation remains unresolved, although we are optimistic about a neutral to positive outcome. A solution will likely be reached in April, and we think a "hard Brexit," as in the U.K. leaving the Common Union with trade governed by World Trade Organization (WTO) rules, is unlikely. The U.K. currently has three options: accept Prime Minister Theresa May's Brexit proposal, hold a second national referendum on Brexit – basically a re-vote by a British population with a much better understanding of what leaving the European Union (EU) entails than three years ago – or revoke Article 50 altogether and remain in the EU as if nothing ever happened. The portfolio has limited exposure to domestic U.K. businesses, and we are optimistic that this will not remain a distraction much longer.

There is a strong chance a resolution will be reached before the broad elections for European Parliament on April 23. We expect these elections to result in the status quo, as the populist factions on the left and the right will have trouble forming coalitions. Stability in the EU Parliament should mean less risk for European equities, while a Brexit resolution would also be a positive for the market. Moving past these events, the biggest long-term risk for Europe is Italy. The fourth-largest economy in Europe is the only one that has made no labor or pension reforms, which makes it less competitive and gives Italy few options if it experiences a recession.

While the ECB has not made drastic moves like the Chinese government, its decision during the first quarter to keep interest rates lower for longer has sparked a rally in growth stocks. In a moderating economy like we are seeing across most of our target markets, growth investors can benefit from rising revenue and earnings and a lower cost of capital. Lower rates are also positive for merger and acquisition (M&A) activity.

Portfolio positioning

International growth stocks enjoyed some of their strongest gains in several years in the first quarter, and consistent with our valuation and risk-focused approach, we took some profits by trimming several positions. We also finished selling out of Vale, a Brazilian mining company and the world's largest producer of iron ore, as we saw more upside in other areas.

The proceeds of these sales were directed into several new names across our emerging, secular and structural growth buckets. This diversified approach allows us to access growth in all its forms while helping to control risk. In the emerging growth bucket of higher-risk companies with above-average top-line growth, we tapped into an attractive IPO market with the purchase of Spotify Technology. Spotify is the largest digital music streaming service available on a global basis that services not only subscribers in accessing music but also artists. The company spends significantly in data analytics to understand their fan base and their preferences in order to monetize and grow subscribers and artists. The company is disrupting both the terrestrial radio ad market and the traditional music distribution and promotion model. We believe the company is in the early innings of penetration and growth.

The purchase of Novartis, a Swiss-based global pharmaceutical firm, adds to our group of secular growers that typically offer ballast to the portfolio. Following the spinout of its eyecare business, Alcon, we believe Novartis will be a cleaner story, with potential upside to many of its pharmaceutical franchises. A new CEO is transitioning the company away from a conglomerate structure to focus on prescription medicines, increasing the pace of innovation and redeploying capital toward higher science advanced technology platforms.

We also established a new position in Taiwan Semiconductor (TSM), a name we have owned in the past. TSM is a classic structural growth company, where its future growth path should be much different than the recent past, in this case due to what we see as a cyclical upswing in the semiconductor cycle. The stock is back to trading at trough multiples relative to the S&P 500 Index, and we think we are past the cyclical weakness in smartphones and cryptocurrency, as well as inventory restocking, and that new product cycles around data centers and 5G should reaccelerate growth. Additionally, TSM has seen a structural shift and it's now leading in technological execution, allowing it better pricing; and potentially many more clients.

Outlook

While the U.S. is beginning to feel the effects of slowing earnings growth, EU earnings remain depressed and well off their past peak. We see several catalysts that could jump-start earnings over the course of 2019. We have seen currency headwinds rolling through many of the European companies, which has depressed attractive constant currency growth. We believe the FX effects should start to roll off in the second quarter, and by the second half of the year this should improve investor sentiment around European equities. We have also been seeing higher producer prices, which should lead to pricing power taking hold across industries. This, in turn, should lead to revenue and operating results as price increases go through. And finally, the EU is more exposed to emerging markets than the U.S., and as emerging markets demand becomes less depressed, that should flow through to earnings.

With respect to China, we see recent consumer strength continuing. A resolution in trade negotiations would also help improve sentiment and provide companies all over the world a more predictable playbook from which to manage their businesses. We also expect China's efforts to expand the money supply begin to take effect later in the year, which should provide support to the struggling manufacturing side of their economy.

Portfolios' highlights

The ClearBridge International Growth ADR Portfolios gained 14.65% (gross of fees) for the first quarter. In comparison, the benchmark MSCI EAFE Index gained 9.98% for the same period. Over the longer term, the Portfolios have outperformed the benchmark index (gross of fees) across the 1-, 3-, 5-, 7- and 10-year periods ended March 31, 2019.

On an absolute basis, the Portfolios delivered gains across the nine sectors in which they were invested (out of 11 total), with the primary contributors coming from the financials, IT and industrials sectors.

On a relative basis, overall stock selection and sector allocation contributed to performance. In particular, stock selection in the financials and consumer discretionary sectors drove relative results. Stock selection in the IT, consumer staples and industrials sectors and an overweight to IT also aided performance. Conversely, stock selection in the materials sector detracted from relative performance.

On a regional basis, stock selection in Europe Ex UK, North America and emerging markets had the most significant positive impacts.

On an individual stock basis, the largest contributors to absolute returns in the quarter included Nestle, London Stock Exchange, Alibaba, Mettler-Toledo and Shopify. The sole detractors from absolute returns included positions in MonotaRO, Amdocs, Vale and Spotify.

During the quarter, in addition to the names mentioned above, we closed a position in Baidu, in the communication services sector, and Orix, in the financials sector.

Top contributors[1]

	Contribution to equity return %
Nestle S.A.	0.74
London Stock Exchange Group Plc	0.65
Alibaba Group Holding Ltd.	0.59
Mettler-Toledo International Inc.	0.56
Shopify, Inc.	0.54

Source: FactSet.

Nestle, in the consumer staples sector, is a global food company. Financial numbers continue to surpass expectations, particularly on cash flow, and the market has more confidence in the CEO's execution in disposing of laggard businesses and acquiring new businesses with a higher growth trajectory.

London Stock Exchange, in the financials sector, is a leading global securities exchange and data provider. After Brexit fears in the fourth quarter, investors now understand that it has a limited impact on the company. In addition, recent results continued to confirm solid secular growth.

Alibaba, in the consumer discretionary sector, is a Chinese e-commerce conglomerate. Stimulus measures in China that are oriented toward consumption as well as better overall economic data and strong quarterly financial numbers led the stock's recovery from the fall in the fourth quarter.

Bottom contributors[2]

	Contribution to equity return %
MonotaRO Co., Ltd.	-0.11
Amdocs Limited	-0.09
Vale S.A.	-0.04
Spotify Technology SA	-0.03
Taiwan Semiconductor Manufacturing Co., Ltd.	0.01

Source: FactSet.

MonotaRO, in the industrials sector, is a Japanese online retailer of industrial products. While top-line growth continues above expectations, increases in expenses to support that growth triggered some profit taking. Those stepped-up investments in logistics capacity, automation and data science will allow growth to continue far longer than market expectations.

Amdocs, in the IT sector, is a software provider to entertainment, media and communications companies. Short seller Spruce Capital published a lengthy report recommending that investors bet against the stock.

Vale, in the materials sector, is a Brazilian miner of industrial metals. An industrial accident at its Brumadinho dam at the end of January and fears of excess fines and charges caused stock to fall.

[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.**

[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 ($)	Portfolio weight	Benchmark weight
Above 50 billion	38.82	37.23
25-50 billion	27.28	25.66
10-25 billion	21.66	22.34
3-10 billion	11.22	14.35
0-3 billion	1.02	0.43
Weighted average market cap ($bil)	**77.22**	**61.39**

Source: FactSet.

Top 10 equity holdings[3]

	Percent of equity
Nestle SA	4.28
Shiseido Co Ltd	4.26
Diageo PLC	3.40
Rentokil Initial PLC	3.34
London Stock Exchange Group PLC	3.27
SAP SE	3.21
ICON PLC	2.94
Novartis AG	2.51
Roche Holding AG	2.44
Ping An Insurance Group Co of China Ltd	2.32
Total number of holdings	**50**

Source: FactSet.

Sector highlights[3]

Average sector weightings and performance (%)

Gross of fees from 12/31/18 to 03/31/19

Sector	Port. weight	Port. return	Bench-mark* weight	Bench-mark* return	Weight diff.	Active contrib.
Financials	17.23	16.58	19.37	6.93	-2.14	1.63
Industrials	16.69	12.45	14.35	10.56	2.34	0.34
Consumer Staples	15.52	15.15	11.48	12.38	4.04	0.45
Health Care	12.49	12.56	11.17	11.23	1.32	0.26
Information Technology	12.47	19.55	6.13	15.31	6.33	0.84
Consumer Discretionary	9.17	23.60	11.14	7.52	-1.96	1.45
Materials	7.90	8.37	7.43	13.18	0.47	-0.34
Communication Services	4.51	5.05	5.51	4.33	-1.00	0.15
Energy	2.09	17.02	5.88	10.44	-3.80	0.13
Utilities	0.00	0.00	3.75	8.97	-3.75	0.05
Real Estate	0.00	0.00	3.79	14.01	-3.79	-0.13
Cash	1.93	0.59	0.00	0.00	1.93	-0.14

*Benchmark: MSCI EAFE 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.

All investments involve risk, including possible loss of principal amount invested. 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.

Professional money management may not be suitable for all investors.

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 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 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.

Risks

All investments involve risk, including loss of principal, and there is no guarantee that investment objectives will be met. The managers invest the Portfolios primarily in ADRs, but may also make limited investments in U.S.-traded stocks of non-U.S. and U.S. companies engaged in significant non-U.S. business. These limited investments may include U.S.-traded stocks that result from the conversion of ADRs, as well as other U.S.-traded stocks. The Portfolios' investments in non-U.S. companies may include companies in developed and emerging markets which involve risks in addition to those ordinarily associated with investing in U.S.-traded stocks, including the potentially negative effects of currency fluctuation, political and economic developments, foreign taxation, and differences in audition and other financial standards. These risks are magnified in emerging markets. 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. ADRs are U.S.-traded securities that represent shares of a foreign-based corporation held by a custodian and they entitle the shareholder to all dividends, net of any applicable local withholding taxes, and capital gains that would be paid on the company's ordinary shares.

Definitions and additional information

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

Article 50 is a clause in the European Union's (EU) Lisbon Treaty that outlines the steps to be taken by a country seeking to leave the bloc voluntarily.

Brexit is an abbreviation of "British exit," which refers to the June 23, 2016 referendum by British voters to exit the European Union.

The **European Union (EU)** is an economic and political union established in 1993 by members of the European Community. The EU now comprises 28 countries after its expansion to include numerous Central and Eastern European nations.

European Central Bank (ECB) is the central bank responsible for the monetary system of the European Union (EU) and the euro currency.

FX (foreign exchange) is the market in which currencies are traded.

Gross domestic product (GDP) is the market value of all final goods and services produced within a country in a given period of time.

An **initial public offering (IPO)** is the process of offering shares in a private corporation to the public for the first time.

MSCI is an investment research firm that provides indices, portfolio risk and performance analytics and governance tools to institutional investors and hedge funds.

MSCI EAFE Index is a free float-adjusted market-capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI

EAFE Index consists of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom.

MSCI EAFE Growth Index captures large- and mid-cap securities exhibiting overall growth style characteristics across Developed Markets countries around the world, excluding the U.S. and Canada.

MSCI EAFE Small Cap Index is an index of small-cap representation across Developed Markets countries, excluding the U.S. and Canada.

MSCI EAFE Value Index captures large- and mid-cap securities exhibiting overall value style characteristics across Developed Markets countries around the world, excluding the U.S. and Canada.

MSCI Emerging Markets Index is a free float-adjusted market-capitalization index that is designed to measure equity market performance in the global emerging markets.

Organization of Petroleum Exporting Countries (OPEC) is an organization consisting of the world's major oil-exporting nations.

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

The **Sustainable Development Goals (SDGs)** are a collection of 17 global goals created by the United Nations in 2015.

The Institute for Supply Management's composite **PMI Index** (formerly the National Association of Purchasing Managers Index) is based on a survey of purchasing executives who buy the raw materials for manufacturing at more than 350 companies.

A **value-added tax (VAT)** is a consumption tax placed on a product whenever value is added at each stage of the supply chain, from production to the point of sale.

The **World Trade Organization (WTO**) is based on agreements signed by the majority of the world's trading nations.

ClearBridge International Growth ADR SMA – GIPS® endnotes ($USD) — Ending December 31

Strategy inception date: October 1996; Composite creation date: June 2008

Period	Total return (net)	Total return (*pure gross)	MSCI EAFE Index (Net) (USD) 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	-11.69%	-9.01%	-13.79%	49	100	0.33%	12.51%	11.40%	178.9	0.2%	106,083.4
2017	33.24%	37.14%	25.03%	38	100	0.32%	12.32%	12.00%	65.8	0.1%	119,187.1
2016	-4.64%	-1.77%	1.00%	47	100	0.53%	12.22%	12.64%	38.0	0.0%	100,936.9
2015	2.86%	5.94%	-0.81%	164	100	0.46%	11.76%	12.64%	76.5	0.1%	92,536.4
2014	-5.01%	-2.14%	-4.90%	67	100	0.26%	13.06%	13.21%	33.8	0.0%	100,721.5
2013	16.20%	19.65%	22.78%	46	100	0.87%	17.05%	16.48%	30.0	0.0%	85,024.7
2012	19.67%	23.21%	17.32%	180	100	0.79%	19.69%	19.65%	26.5	0.0%	54,624.3
2011	-13.30%	-10.67%	-12.14%	214	100	0.63%	22.53%	22.75%	26.3	0.1%	50,870.8
2010	6.13%	9.31%	7.75%	242	100	0.53%	n/a	n/a	37.9	0.1%	55,366.5
2009	26.43%	30.16%	31.78%	278	100	1.06%	n/a	n/a	37.3	0.1%	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 International Growth ADR SMA composite consists of discretionary wrap accounts with an account minimum of US $25,000. Accounts within the composite seek long-term growth of capital by investing in well managed businesses whose intrinsic value does not appear to be recognized by the markets. Investments are primarily in ADRs of companies in both developed and emerging markets. 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, Non-U.S. Investment Risk, Small Cap Risk and Mid Cap Risk. In December 2013 the word "Growth" was added to the composite name.

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 MSCI EAFE® Index is an equity index which captures large and mid cap representation across developed market countries around the world, excluding the US and Canada. The "Net" Index series assumes that dividends are reinvested after the deduction of withholding tax. The index uses withholding tax rates applicable to Luxembourg holding companies. Benchmark returns are not covered by the report of independent verifiers.

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