ClearBridge Investments

1Q 2021 | Separately Managed Accounts | Product Commentary

CLEARBRIDGE MULTI CAP GROWTH ESG PORTFOLIOS

Richard Freeman, Evan Bauman and Mary Jane McQuillen
Portfolio Managers

Multi Cap Growth ESG Portfolios

Annualized returns net and pure gross of fees - PRELIMINARY

(%) as of March 31, 2021

	1-mo	QTR	YTD	1-yr	3-yr	5-yr	7-yr	10-yr
Net of fees	-0.15	8.24	8.24	63.51	11.56	11.41	7.82	10.60
"Pure" gross of fees	0.10	9.02	9.02	68.22	14.88	14.72	11.03	13.89
Russell 3000 Growth Index	1.37	1.19	1.19	64.31	22.39	20.87	17.14	16.35

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.** To obtain specific information on available products and services or a GIPS® Report, contact your Franklin Templeton separately managed account sales team at (800) 822-8464. ClearBridge Investments, LLC claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. 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 returns are presented as pure gross of fee returns and do 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 Legg Mason Private Portfolio Group, LLC (LMPPG), refer to LMPPG's Form ADV disclosure document. Returns reflect the reinvestment of dividends and other earnings. All performance is reported in US dollars.

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

Key takeaways

- The Portfolios continued to rebound in what we view as a more supportive environment for higher-quality, attractively priced growth stocks.
- Technology and media supported performance as investors rotated out of the momentum leaders that thrived during the pandemic into cyclical companies poised to benefit from a reopening of the economy.
- In a hot housing market, many companies held across ClearBridge portfolios are helping make the homes of the future — back deck included — more environmentally responsible spaces.

Market overview

A rotation in market leadership that commenced last September continued to gain strength in the first quarter, with efforts to reflate the economy through fiscal and monetary stimulus providing a bid to attractively priced growth companies. The S&P 500 Index gained 6.2% on rising reopening hopes, with cyclical and value stocks maintaining their recent advantage. The Russell 3000 Value Index advanced 11.9% in the first quarter, outperforming the 1.2% return of the benchmark Russell 3000 Growth Index. From a sector standpoint, energy (+22.1%) was the best performer in the benchmark, as crude oil prices rose 21%, followed by communication services (+8.4%), real estate (+6.8%), industrials (+4.8%) and financials (+2.7%). The information technology (IT, -0.6%) and consumer discretionary (0.1%) sectors, prime beneficiaries of the workfrom-home and e-commerce boom during the pandemic, underperformed.

The ClearBridge Multi Cap Growth ESG Portfolios continued to rebound in what we view as a more supportive environment for the higher-quality, structurally undervalued growth companies we target, outperforming the benchmark for the second consecutive quarter. Our high active share approach made the most difference in IT, where the portfolio's holdings gained 4.1%, compared with a loss for the benchmark. Results were led by our more cyclical positions in digital storage providers Seagate Technology and Western Digital, auto and electric vehicle component supplier TE Connectivity, and chipmaker and security software supplier Broadcom.

During the first quarter we initiated a new position in DocuSign, the leading provider of electronic agreement services for businesses, at what we believe are attractive levels after the stock corrected despite strong results and guidance. DocuSign's eSignature offering allows agreements to be transacted digitally and is appealing to both small and large organizations. While its business exhibited strong user uptake and revenue growth prior to the health pandemic, underlying adoption accelerated as businesses were forced to "go remote" and limit in-person contact. Unlike some trends witnessed during the COVID-19 pandemic which stand to be fleeting, in the emerging "anywhere economy" we do not believe organizations will return to the old, less environmentally friendly and error-plagued method of paper agreements. We see continual success in core eSignature, with bright prospects for expanding into a much broader set of digital services, while simultaneously international markets remain underpenetrated.

Media has been another bright spot for the Portfolios, boosted by the return of live events and subsequent rebound in advertising, as well as good initial traction for several of our companies' new streaming services. Discovery was the top contributor for the quarter, even with a late-March sell-off as one of the media stocks caught up in the unwind of family office Archegos Capital Management. After being late to the expansion of programming from cable to streaming, both Discovery and AMC Networks have seen strong initial subscriber growth to their over-the-top services. We trimmed certain programming holdings into strength during the quarter. Twitter was also a solid contributor on strong results and better-than-expected projections for future user and revenue growth.

While equity participation has been broadening, not all sectors and industries have benefited. Health care, which represents the Portfolios' second-largest overweight, has lagged in recent months, but we believe positive vaccine development and upcoming clinical news for other therapeutics will eventually lead to greater recognition by investors. We like our biopharmaceutical positioning, with Biogen shares moving higher on new patents for its Tecfidera multiple sclerosis treatment and in anticipation of the FDA's decision on its aducanumab treatment for Alzheimer's disease. Vertex Pharmaceuticals, meanwhile, continues to expand its cystic fibrosis franchise globally while advancing multiple underappreciated pipeline assets. Testing and diagnostics provider Guardant Health has appreciated significantly due to strong growth and new product introductions since we added it to the portfolio last year, while multi-decade holding UnitedHealth Group continues to execute and diversify into areas like telehealth and analytics.

Outlook

The passage of the latest $1.9 trillion package should further support the broadening of market performance. Rising interest rates are hurting the priciest growth stocks the most, bringing additional balance to a market that had reached historic levels of mega-cap concentration just six months ago. The volatility created by higher rates and inflationary fears is also providing opportunities for the Portfolios to selectively add to or establish new positions as some higher growth companies see their multiples contract to more reasonable levels.

Going forward, we expect to target a broader range of companies across sectors where we currently have little exposure as we continue to build a pipeline of new ideas. We continue to be engaged in the building of early-stage positions in emerging growth businesses, and we expect to do more of this as volatility allows us the chance to own quality growth franchises at attractive valuations.

Portfolios' highlights

For the first quarter, the ClearBridge Multi Cap Growth ESG Portfolios gained 9.02% (gross of fees), while the benchmark Russell 3000 Growth Index gained 1.19% for the same period.

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

Relative to the benchmark, overall stock selection and sector allocation contributed to performance. In particular, stock selection in the IT, communication services, materials, health care and industrials sectors and an overweight to communication services drove results.

On an individual stock basis, positions in Discovery, Twitter, Nucor, Seagate Technology and Johnson Controls were the leading contributors to absolute returns during the period. The primary detractors were Autodesk, Vertex Pharmaceuticals, Ionis Pharmaceuticals, FireEye and DocuSign.

Top contributors[1]

	Contribution to equity return %
Discovery, Inc.	1.51
Twitter, Inc.	1.43
Nucor Corporation	1.25
Seagate Technology public limited company	1.02
Johnson Controls International plc	0.66

Source: FactSet.

In terms of individual stocks, the positive contributors to the Portfolios' performance for the quarter included:

Twitter (TWTR), in the communication services sector, is a global social media platform that allows users to create, distribute and discover content. Strong fourth-quarter results that saw revenue growth accelerating and a very optimistic analyst day where the company guided its 2023 user and revenue forecasts well ahead of expectations lifted the stock. Twitter's total advertising revenue growth was better than expected to end 2020, driven by a recovery in brand advertising and early traction with new direct response ad formats. The company is projecting revenue to double over the next three years, while Twitter expects daily average users to grow 20% per year over that same period, which we view as confirmation that the company has found an effective way to monetize its user base.

Seagate Technology (STX), in the IT sector, produces a range of hard disk drive products for use in enterprise computing, PCs and electronic devices, and provides data storage services for small to medium-size businesses. Strong quarterly results, recovering demand for its on-premise storage solutions, and growing investor preference for structurally undervalued technology enabled the stock to continue its recovery from a mid-2020 trough.

Johnson Controls (JCI), in the industrials sector, is a leading provider of Heating, ventilation, and air conditioning (HVAC) and monitoring systems for residential, commercial, industrial and retail customers. The shares moved higher on better-than-expected results, raised full-year guidance that were driven by strength in the company's residential business, and an increase in its share buyback program.

Bottom contributors[2]

	Contribution to equity return %
Autodesk, Inc.	-0.66
Vertex Pharmaceuticals Incorporated	-0.61
Ionis Pharmaceuticals, Inc.	-0.41
FireEye, Inc.	-0.41
Liberty Broadband Corp.	-0.07

Source: FactSet.

The bottom contributors to the Portfolios performance for the quarter included:

Autodesk (ADSK), in the IT sector, is a design software and services company with customers in the architecture, engineering and construction, manufacturing and digital media and entertainment industries. With its transition to a subscription software model nearly complete, the shares took a breather after a very strong 2020. Strong fourth-quarter results

[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. 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. 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.**

topped expectations, but the stock was held back by profit taking and a rising valuation.

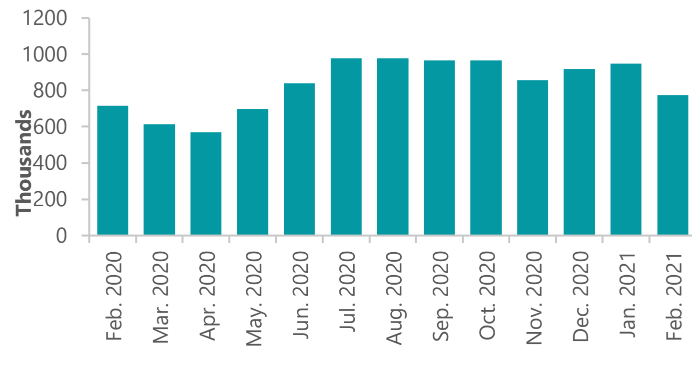
Vertex Pharmaceuticals (VRTX), in the health care sector, is a biotechnology company developing treatments for cystic fibrosis. The latest hiccup for the stock centered around concern that management could be looking to execute a large pipeline acquisition. Despite the negative sentiment around the shares, Vertex continues to deliver consistent growth in its cystic fibrosis franchise, and it has a promising pipeline of treatments in the areas of blood disorders, rare kidney disease, liver and lung disease.

Ionis Pharmaceuticals (IONS), in the health care sector, is a biotechnology company developing RNA-based therapies for neurology conditions. There were building investor expectations for Ionis' joint program with Roche to treat Huntington's Disease, and the shares traded off after Roche announced it was stopping the program due to lack of efficacy.

Environmental, Social and Governance (ESG) Outlook

We are in the midst of a booming real estate market: prices for many houses are growing the fastest in over a decade, thanks to millennial household formation (which was increasing before the pandemic), a pandemic-driven acceleration of the exodus from urban centers, and a healthier banking system after the global financial crisis. New-home sales are elevated even given the winter's typical seasonal lull (Exhibit 1). Despite a recent pickup in long-term bond rates, 30-year fixed mortgage rates are near historic lows, suggesting the growth could continue. Stimulus money and lifestyle changes engendered by people spending substantially more time at home during the pandemic have also meant more home remodeling.

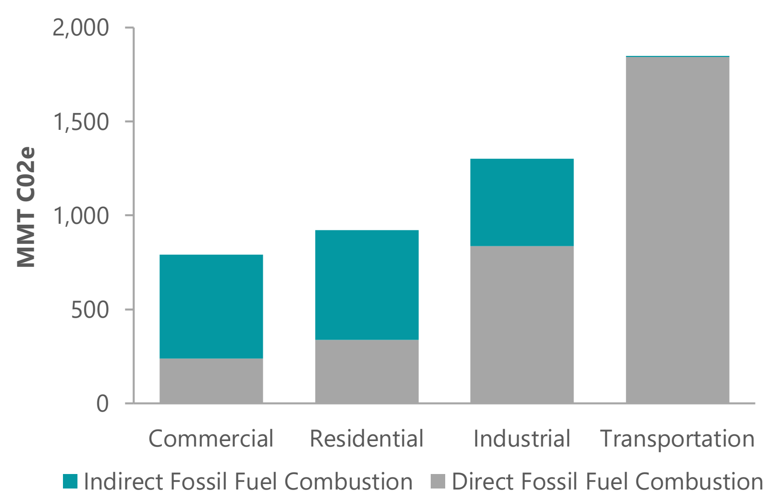
Exhibit 1: New Privately-Owned Houses Sold



Source: U.S. Census Bureau and U.S. Department of Housing and Urban Development, New Residential Sales, March 23, 2021.

As many people move into new single-family houses or apartment homes, or refresh the existing housing supply, now is a good time to reflect on how green the building and renovation processes can be, as the residential sector contributes a meaningful amount to national carbon emissions (Exhibit 2). A wide range of ClearBridge portfolio companies are working to improve the sustainability profile of tomorrow's homes, which should help reduce costs over the long term as well. Homebuilders, residential REITs, roofers and insulators, smart home enablers and others across ClearBridge portfolios are helping make the homes of the future — back deck included — more environmentally responsible spaces.

Exhibit 2: End-Use Sector Emissions of CO_2 from Fossil Fuel Combustion (2019)



Source: U.S. Environmental Protection Agency.

Homebuilders are beginning to take steps toward building more environmentally friendly homes and disclosing the impact of their own operations. In many cases, the price sensitivity of new-home buyers discourages the incorporation of green building in new homes.

Homebuilder Lennar, for example, included solar panels in every home it built in California for several years prior to the California Energy Commission making solar standard as part of new construction, although this has not been without consumer pushback.

ClearBridge holding Century Communities, which makes single and attached homes, recognizes homebuilders can be a laggard industry in sustainability disclosures. The company finds that consumers in the past have not been willing to pay a price premium for green features on homes and apartments, even though they say they want them. This has led the industry to generally build to the lowest common regulatory standard, as additional green building practices were dilutive to returns.

Driven by top-down recognition of the strategic importance of green building as well as by demographic changes in home buyers (younger buyers value green features more than older buyers do), Century Communities is taking steps to be a leader in green building by publishing its first ESG report. Disclosing the company's Scope 1, 2 and 3 carbon emissions for the first time, the report represents a strategic commitment to increased disclosure and better sustainability practices, with the ultimate goal of Century Communities becoming an ESG leader in the homebuilding space. We applaud this step toward clear, tangible results.

While homebuilders face some structural challenges in improving green building (with some exceptions), residential REITs, which take on longer-term responsibilities in owning and operating the properties, are in this way more incentivized to make sustainability gains.

ClearBridge holding American Homes 4 Rent builds, acquires and leases more than 52,000 single-family rental homes across 22 states. The company designs homes with resource-efficient fixtures and appliances. To help residents conserve water, it installs high-efficiency toilets and plumbing fixtures in all development properties and in renovations of existing homes. In arid states such as Arizona and Nevada, it installs smart, water-efficient irrigation features in its landscape design.

There's More Than Just Bricks in the Wall

Roofer and insulator Owens Corning, also a ClearBridge holding, is helping make the building sector more sustainable. The company operates across 33 countries and has positive environmental impact primarily through its insulation business. In the EU, for example, buildings are responsible for 40% of energy consumption and 36% of greenhouse gas (GHG) emissions. New buildings consume only half of the energy of those built over 20 years ago, according to the company. But as 85% of the buildings in the EU are older than 20 years, and 85%–95% of them are expected to still be standing in 2050, there is need for a massive renovation. Roughly 35 million buildings in the EU will need to be renovated by 2030, according to the company.

Properly insulated homes lower energy intensity and thus the overall carbon footprint of a home. According to Owens Corning, insulation intensity of new homes is on the rise, driven in part by state and municipal rules requiring certain levels of insulation, but also by consumer preference for reducing energy consumption and being greener in the home. The company is helping meet this demand with insulation products that are lighter-weight yet deliver stronger performance than higher-weight/higher-density products. The insight that greater density does not necessarily mean better performance has allowed the company to reduce shipping weight and fuel.

Owens Corning's roofing business also features shingles that use a highly reflective granule technology to reflect the sun, keep roofs cooler and lower air conditioning energy demand. Its composites business also counts wind turbines as a major end use, another positive for sustainability goals.

As part of its 2030 Sustainability Goals, Owens Corning is also looking to grow a circular economy model in which virgin raw materials, waste, energy and emissions are minimized through intelligent design, renewable and recycled input, and energy-efficient production.

Smart thermostat maker and ClearBridge holding Resideo Technologies is also helping homes become more sustainable through behind-the-wall innovation. Resideo makes behind-the-wall components and front-facing controls whose purpose is to drive water and energy conservation or improve air quality. Resideo's smart thermostats help provide the right temperature using the lowest energy consumption; its components and controls for boilers, furnaces and heat pumps help energy conservation; and its leak and freeze detectors aid in water conservation. Currently, of Resideo's 150-million-homes installed base, only 6 million are conservation-advantaged "connected homes." The company's goal is to grow this mix, while also launching predictive tools for its professional installer customer (a plumber might get an alert once a pipe starts leaking, rather than waiting for the call once a basement is flooded) and working closer with utilities to make the grid smarter and more efficient. Resideo's smart thermostat, meanwhile, is built into homebuilder Lennar's new line of Connected Homes.

Home Expansion Offering Green Opportunities

Just as the new home market has been hopping amid low interest rates and the greater need for space, the market for home improvement has also been robust for similar reasons. Decks have been perfect places for safe social gatherings during the pandemic, and ClearBridge portfolio holding Trex has been meeting demand with its composite decking made from recycled wood fibers and plastic waste.

Trex's high-performance decking portfolio is made using more than 95% recycled content. Trex uses locally sourced reclaimed wood that would otherwise end up in landfills and so avoids cutting down trees to make its products. The recycled plastic film it uses comes from a variety of sources, including industrial shrink wrap, agricultural plastic sheeting, and household plastic such as grocery and shopping bags. With the average 500-square foot composite Trex deck containing 140,000 recycled plastic bags, Trex is one of the largest plastic bag recyclers in the U.S. The company has also innovated ways of recycling dirtier plastics more likely to end up in landfills.

Trex has seen already strong demand get stronger during the pandemic; the company was sold out during much of 2020, and it began expanding capacity across the U.S. to meet heightened demand. With lumber prices soaring amid the strong housing market, Trex's composite decks are increasingly gaining share, especially in price-sensitive areas of the market, which bodes well for both the environment and shareholders.

Sustainability Is Growing in Prominence in the Building Sector

We are encouraged by the increasing number of companies working to build the home of tomorrow more sustainably, which will typically provide an improved return on investment. In addition, the sustainably built home covers expansive geographies and diverse demographics. This is particularly important in the context of climate change, as homes that use water and energy efficiently can also prove more resilient amid volatile energy and water availability and prices. As the EPA notes, homes that maintain habitable conditions in extreme heat, power outages and strong storms are crucial to protecting their inhabitants. If they can be built using sustainable resources by companies actively looking to reduce carbon emissions, all the better.

Market capitalization[3]

Market cap breakdown ($)	Portfolio weight	Benchmark weight
Above 50 billion	49.26	75.40
25-50 billion	13.76	8.25
10-25 billion	30.46	7.76
3-10 billion	5.17	5.93
0-3 billion	1.35	2.66
Weighted average market cap ($bil)	**91.21**	**625.72**

Source: FactSet.

Top 10 equity holdings[3]

	Percent of equity
Twitter Inc	8.89
UnitedHealth Group Inc	8.35
Broadcom Inc	7.54
Comcast Corp	7.16
Vertex Pharmaceuticals Inc	6.88
Autodesk Inc	6.42
Cree Inc	4.72
Seagate Technology PLC	4.60
TE Connectivity Ltd	4.48
Biogen Inc	4.11
Total number of holdings	**37**

Source: FactSet.

Sector highlights[3]

Average sector weightings and performance (%)

Gross of fees from 01/01/21 to 03/31/21

Sector	Port. weight	Port. return	Bench-mark* weight	Bench-mark* return	Weight diff.	Active contrib.
Information Technology	40.57	3.80	43.21	-0.61	-2.64	1.88
Health Care	26.63	2.76	15.10	0.75	11.54	0.35
Communication Services	21.87	15.80	10.80	8.35	11.07	2.40
Industrials	3.52	26.84	5.25	4.84	-1.73	0.65
Materials	2.74	51.67	0.90	3.06	1.84	1.21
Consumer Discretionary	0.48	7.20	16.58	0.05	-16.10	0.22
Energy	0.30	-0.07	0.09	22.11	0.20	0.02
Real Estate	0.00	0.00	1.75	6.79	-1.75	-0.07
Utilities	0.00	0.00	0.12	-0.36	-0.12	0.02
Consumer Staples	0.00	0.00	4.22	-0.20	-4.22	0.12
Financials	0.00	0.00	1.98	2.66	-1.98	0.00
Cash	3.89	0.01	0.00	0.00	3.89	-0.09

*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. 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, 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.

These materials are being provided for illustrative and informational purposes only. The information contained herein is obtained from multiple sources that are believed to be reliable. However, such information has not been verified, and may be different from the information included in documents and materials created by the sponsor firm in whose investment program a client participates. Some sponsor firms may require that these materials be preceded or accompanied by investment profiles or other documents or materials prepared by such sponsor firms, which will be provided upon a client's request. For additional information, documents and/or materials, please speak to your Financial Professional.

Definitions and additional information

An investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charge.

Coronavirus disease (COVID-19; C-19) was discovered in 2019 and has not been previously identified in humans.
Environmental Protection Agency (EPA) is an agency in the United States Federal Government who is responsible for creating standards and laws promoting the health of individuals and the environment.
Food and Drug Administration (FDA) is a government agency established in 1906 with the passage of the federal Pure Food and Drug Act.
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.
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.
Russell 3000 Value Index is a market-capitalization weighted equity index maintained by the Russell Investment Group and based on the Russell 3000 Index, which measures how U.S. stocks in the equity value segment perform.

Real Estate Investment Trusts (REITs) invest in real estate or loans secured by real estate and issue shares in such investments, which can be illiquid.
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.

FRANKLIN TEMPLETON

leggmason.com

At Franklin Templeton, everything we do has a single focus: to deliver better client outcomes.

- We have deep expertise across equity, fixed income, alternatives, multi-asset solutions and cash strategies.
- We offer an unmatched range of specialist investment managers, consisting of more than 1,300 investment professionals.
- We have over 70 years of experience in identifying opportunities and delivering investment solutions to clients.

What should I know before investing?

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.

Certain limits on the amount of investment in any one company may cause individual MCG investment portfolios to vary from each other and thus the performance results of such portfolios may also vary from each other, particularly when combined with the price volatility of stocks in such portfolios.

The managers' environmental social and governance (ESG) investment strategies may limit the types and number of investment opportunities available and, as a result, may underperform strategies that are not subject to such criteria.

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 the following Franklin Resources. Inc.-affiliated sub-advisor: ClearBridge Investments, LLC. Management is implemented by LMPPG, the designated sub-advisor or, in the case of certain programs, the program sponsor or its designee.