

1Q 2021 | Separately Managed Accounts

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CLEARBRIDGE  
SUSTAINABILITY  
LEADERS  
PORTFOLIOS

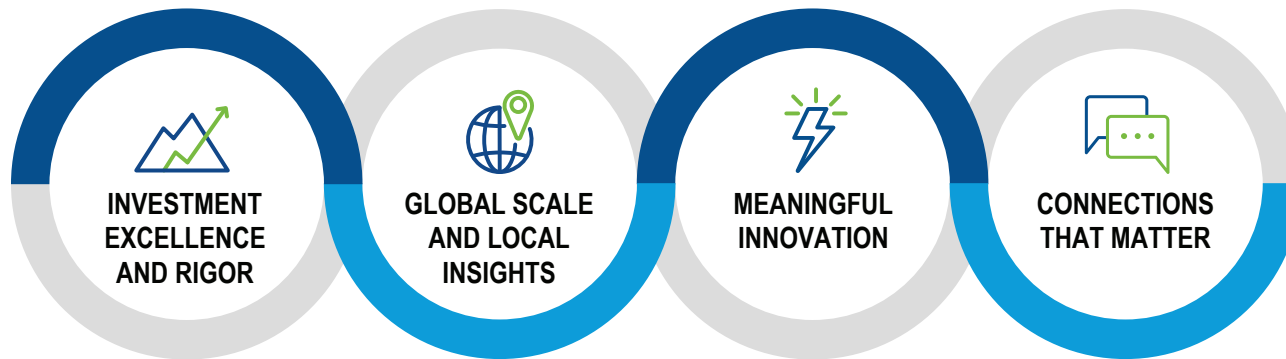
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Separately Managed Accounts (SMAs) are investment services provided by Legg Mason Private Portfolio Group, LLC (LMPPG), a federally registered investment advisor. Client portfolios are managed based on investment instructions or advice provided by one or more of the following Franklin Resources, Inc affiliated subadvisors: ClearBridge Investments, LLC. Management is implemented by LMPPG, the designated subadvisor or, in the case of certain programs, the program sponsor or its designee.

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

INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

## Everything we do has a single focus: to deliver better client outcomes



### Investment excellence and rigor

- We offer an unmatched range of investment managers that bring active, smart beta and passive strategies across asset classes, investment vehicles and geographies.
- Our investment processes are based on years of experience, discipline, and rigor.
- As signatories of PRI, we bring a full complement of ESG-oriented strategies.
- We apply risk management at both the portfolio and enterprise levels.

### Global scale and local insights

- We have Investment professionals located in over 20 countries.
- We are pioneers in global investing with more than 60 years of experience.
- We are the world's top cross-border fund manager with clients in over 160 countries<sup>1</sup>.

### Meaningful innovation

- Our commitment to innovation – through AI, blockchain, machine learning – positions us to enhance client outcomes in our rapidly changing world.
- Our on-premises fintech incubation center helps foster new technologies and acts as a catalyst for innovation across our firm.

### Connections that matter

- Our culture always puts clients first.
- We provide opportunities for clients to create meaningful connections with our managers and with each other.
- We make a positive impact in our communities through extensive volunteering and charitable giving.
- We are committed to the principles of good corporate citizenship and to fostering a more inclusive investment industry.

<sup>1</sup> As of April 2020. Based on findings for Franklin Templeton from PwC's 2020 Benchmark Your Global Fund Distribution Report which ranks asset managers on the number of countries in which their cross-border funds are distributed.

## We offer a full range of investment strategies across asset classes and geographies

### Our investment capabilities

<b>Equity</b>	<b>Fixed Income</b>
<ul style="list-style-type: none"> <li>Value</li> <li>Deep Value</li> <li>Core Value</li> <li>Blend</li> <li>GARP</li> <li>Growth</li> <li>Convertibles</li> <li>Sector</li> <li>Shariah</li> <li>Smart Beta</li> <li>Thematic</li> </ul>	<ul style="list-style-type: none"> <li>Government</li> <li>Municipals</li> <li>Corporate Credit</li> <li>Bank Loans</li> <li>Securitized</li> <li>Multi-Sector</li> <li>Currencies</li> <li>Sukuk</li> </ul>
<b>Multi-Asset Solutions</b>	<b>Alternatives</b>
<ul style="list-style-type: none"> <li>Income</li> <li>Real Return</li> <li>Balanced/Hybrid</li> <li>Total Return</li> <li>Target Date/Risk</li> <li>Absolute Return</li> <li>Tactical Asset Allocation</li> <li>Managed Volatility</li> </ul>	<ul style="list-style-type: none"> <li>Private Debt</li> <li>Hedge Funds</li> <li>Private Equity</li> <li>Real Estate</li> <li>Infrastructure</li> </ul>

### Our investment brands

Franklin Templeton (1947)	<span style="color: blue;">■</span> <span style="color: green;">■</span> <span style="color: orange;">■</span> <span style="color: gray;">■</span>
Western Asset (1971)	<span style="color: green;">■</span>
ClearBridge (2005)	<span style="color: blue;">■</span> <span style="color: gray;">■</span>
Brandywine Global (1986)	<span style="color: blue;">■</span> <span style="color: green;">■</span> <span style="color: gray;">■</span>
Clarion Partners (1982)	<span style="color: gray;">■</span>
Benefit Street Partners (2008)	<span style="color: gray;">■</span>
Martin Currie (1881)	<span style="color: blue;">■</span>
QS Investors (1999)	<span style="color: blue;">■</span> <span style="color: orange;">■</span>
K2 Advisors (1994)	<span style="color: gray;">■</span>
Royce (1972)	<span style="color: blue;">■</span>

# 1,300+

investment professionals in over 20 countries<sup>1</sup>

<sup>1</sup> As of 6/30/20. Investment professionals include portfolio managers, research analysts, research associates, investment support and executives of Franklin Templeton, Legg Mason and subsidiary investment management groups.

## ClearBridge Investments

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### A Long-Term Focus Drives a Distinguished History

#### Global investment manager with a 50+ year legacy as a leader in active management



##### Committed to authentic active management

- Performance distinct from market benchmarks and factor-based strategies
- Long-term investment horizon
- Robust risk management
- Active ownership



##### Culture of longevity, consistency and risk awareness

- Highly experienced and tenured investment professionals
- Deliberate succession planning
- Risk considerations examined in all decisions



##### Client focus

- Alignment of interests with clients
- Innovative compensation plan



##### Robust fundamental research platform

- Bottom-up, quality focus
- Proprietary research and ESG ratings
- 30 year history of ESG investing with a fully-integrated approach

\$177.0 billion in assets under management

Headquartered in New York; offices in Baltimore, London, San Francisco, Sydney and Wilmington

Operate with investment independence, wholly-owned subsidiary of Franklin Resources

PRI Signatory since 2008

## Firm Values

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### Embedded in Organization from the Bottom Up

**Cultivate consistency in all we do**

We approach every opportunity with patience and diligence to better assess, and act with knowledge of, the full picture. Together, we use our diverse talents and expertise to create success and stability for our clients.

**Go above and beyond**

We seek to exceed expectations in every aspect of our business, from engaging with the companies we own, to supporting our employees and delivering superior customer service.

**Ensure responsiveness and accountability**

We succeed when clients succeed. Our culture of collaboration creates a strong sense of loyalty and accountability, encourages diverse contributions and enables responsiveness.

**Promote a long-term perspective**

We are committed to long-term strategies and authentic active management to move our clients forward. We approach portfolio companies as business owners and hold stocks for an average of seven years.

**Advocate for sustainability**

Integrating ESG considerations into our fundamental research process, promoting sustainability in company engagements and following such practices across the firm can offer clients a return on their investments while making a positive impact.

**Act with conviction**

Differentiated thinking is the basis of our approach, giving us the confidence to invest where our research identifies opportunity that the consensus may overlook and to develop new solutions that benefit our clients.

## ClearBridge Investments is a Signatory to the Principles for Responsible Investment (PRI)

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- **About the Principles**

- The PRI is an investor initiative in partnership with the UNEP Finance Initiative and the UN Global Compact. The Principles provide a voluntary framework for investment professionals who commit to integrate environmental, social, and governance (ESG) factors into their investment analysis and decision-making practices.

- **The Principles**

- We will incorporate ESG issues into investment analysis and decision-making processes
- We will be active owners and incorporate ESG issues into our ownership policies and practices
- We will seek appropriate disclosure on ESG issues by the entities in which we invest
- We will promote acceptance and implementation of the Principles within the investment industry
- We will work together to enhance our effectiveness in implementing the Principles
- We will each report on our activities and progress towards implementing the Principles

## ClearBridge Sustainability Leaders Portfolios

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### Overview

The ClearBridge Sustainability Leaders Portfolios invest in high-quality companies across market capitalizations with strong or improving environmental, social and governance (ESG) attributes and make an impact through company engagement.

### Philosophy

The investment team believes that:

- High-quality companies with a sustainable competitive advantage have the potential to outperform their peers over the long term
- ESG analysis is integral to identifying attractive businesses and understanding company fundamentals
- Active ownership, through direct engagement with companies as well as active proxy voting, is a critical aspect of active investment management

### Objectives

Seeks long-term growth of capital

### Key differentiators

- High-conviction, low-turnover approach that invests in 30-50 high-quality companies with a demonstrated commitment to ESG principles and creating a positive impact
- Diversifies across positions, industries and market capitalizations with a meaningful allocation to sustainable business models that address global challenges
- Long-term investment horizon that facilitates company engagement to promote prudent financial management and best-in-class ESG practices

### Portfolio positioning

- Designed for investors seeking to pursue financial return while making a positive impact on the world
- Seeks to unlock the value found in ESG practices, which are recognized as important drivers of long-term corporate success
- Invests with a multi-year time horizon, resulting in lower portfolio turnover

### What sets ClearBridge Investments apart

#### Fully integrated process

ESG evaluation is not a separate process at ClearBridge. Their fundamental research process incorporates ESG perspectives that go beyond traditional passive negative screens and overlays.

#### Proprietary rating system

Every company within the ClearBridge research universe receives a rating intended to signal to investment teams how well a company has executed against ESG practices. ClearBridge analysts assign companies one of four proprietary ESG ratings, ranging from AAA (highest) to B (lowest), based on company performance/behavior and a comparison with industry peers.

#### Company engagement

Advocacy via active proxy voting and engagement with company management. As high-conviction investors who own companies for the long haul, ClearBridge is positioned to help guide and influence company management on issues related to ESG.

**Risks:** All investments involve risk, including loss of principal, and there is no guarantee that investment objectives will be met.

Investments may be made in small- and mid-cap companies, which involve a higher degree of risk and volatility than investments in large-cap companies.

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.

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

## ClearBridge Sustainability Leaders Portfolios investment process

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### STEP 1

#### Generate investment ideas

- Run quantitative screens to identify companies with quality attributes
- Evaluate ESG factors to identify exposure to products or services with positive impact, and companies that operate sustainably
- Evaluate opportunities on an ongoing basis

### STEP 2

#### Apply fundamental analysis

- Integrate fundamental research with proprietary analysis of ESG factors
- Identify companies displaying ESG leadership and compelling risk/reward attributes
- Assign ESG rating

### STEP 3

#### Construct portfolio

- Build portfolio of high-conviction ideas with a multi-year time horizon
- Diversify across multiple industries and market capitalizations
- Emphasize stock selection and minimize factor exposure

### STEP 4

#### Engage and monitor regularly

- Engage company managements to further ESG goals
- Continually monitor portfolio using quantitative and fundamental tools
- Assess risk regularly

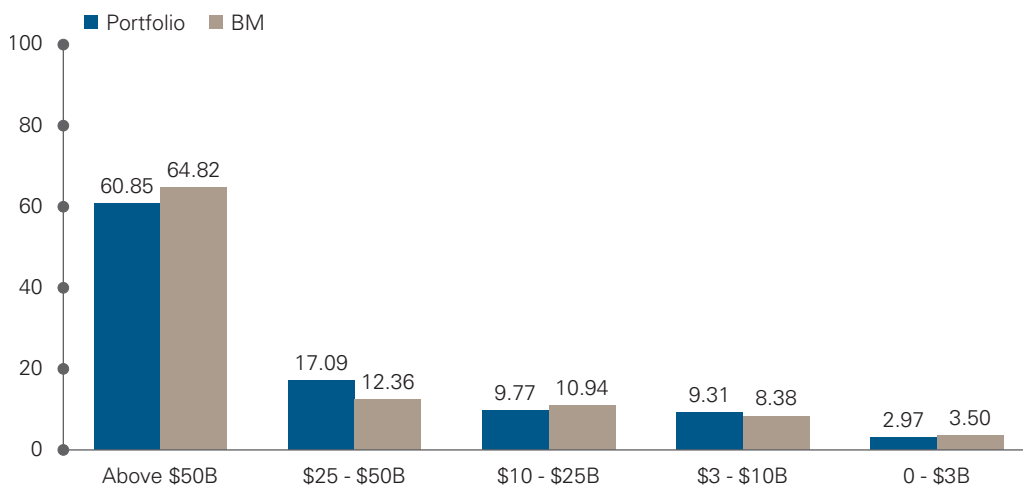
The investment process may change over time. The characteristics set forth are intended as a general illustration of some of the criteria the strategy team considers in selecting securities for client portfolios. There is no guarantee investment objectives will be achieved.

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



## Equity Portfolio characteristics as of March 31, 2021

### Market capitalization (%)



### Characteristics (%)

	Portfolio	BM
Number of Holdings	54	3079
Dividend Yield	1.11	1.36
Forecasted P/E Ratio -1 Year	24.17	22.33
Price/Book Ratio	7.14	6.79
Long-Term EPS Growth	17.82	15.26
Weighted Median Market Capitalization	85.24	115.09
Weighted Average Market Capitalization	285.09	374.78

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. **Please see appendix for term definitions.**

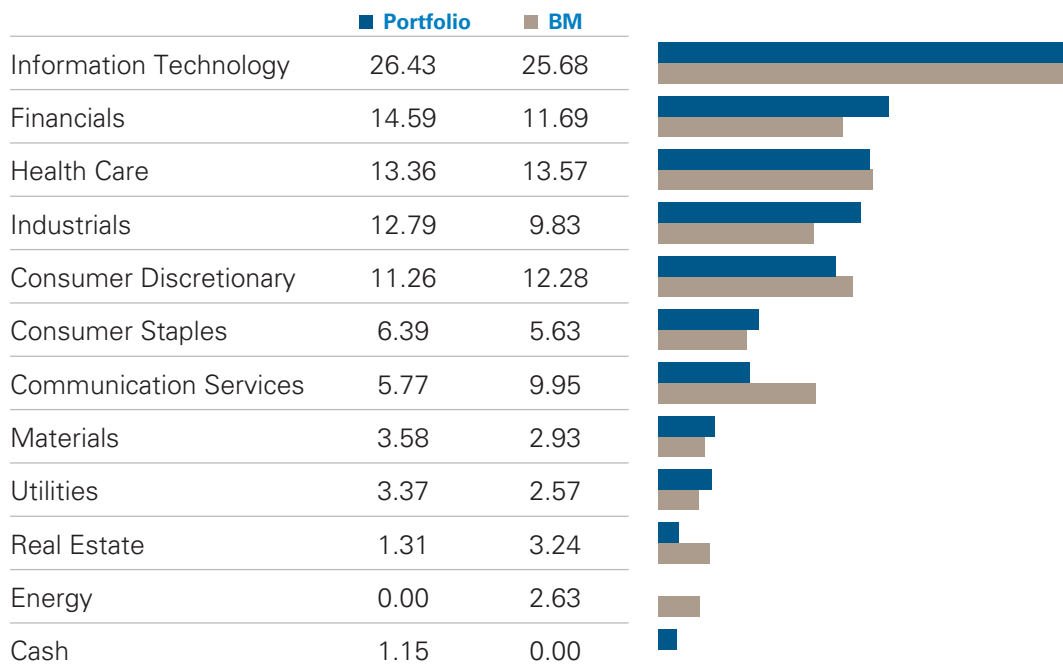
P/E ratio Year 1 and Long-term EPS growth are provided by I/B/E/S, are inherently limited and should not be used as an indication of future performance.

**Yields and dividends represent past performance and there is no guarantee they will continue to be paid.**

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

## Equity Portfolio characteristics as of March 31, 2021

### Sector weightings (%)



### Top equity holdings (%)

	Portfolio
Microsoft Corp	5.68
Apple Inc	4.08
Bank of America Corp	2.98
Hartford Financial Services Group Inc/The	2.44
Home Depot Inc/The	2.39
UnitedHealth Group Inc	2.38
TE Connectivity Ltd	2.30
Trane Technologies PLC	2.25
Walt Disney Co/The	2.25
Comcast Corp	2.22
<b>Total</b>	<b>28.97</b>

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. **Please see appendix for term definitions.**

P/E ratio Year 1 and Long-term EPS growth are provided by I/B/E/S, are inherently limited and should not be used as an indication of future performance.

**Yields and dividends represent past performance and there is no guarantee they will continue to be paid.**

## Performance

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

	2020	2019	2018	2017	2016
Sustainability Leaders (pure gross)	34.68	39.21	-1.63	21.97	6.95
Sustainability Leaders (net)	30.84	35.26	-4.51	18.47	3.84
Russell 3000 Index	20.89	31.02	-5.24	21.13	12.74
S&P 500 Index (USD)	18.40	31.49	-4.38	21.83	11.96

### Annualized rates of return – pure gross and net of fees (%) as of March 31, 2021 – PRELIMINARY

	Mar '21	Q1 '21	YTD	1-year	3-year	5-year
Sustainability Leaders (pure gross)	3.82	3.68	3.68	64.31	24.25	20.24
Sustainability Leaders (net)	3.57	2.93	2.93	59.70	20.68	16.78
Russell 3000 Index	3.58	6.35	6.35	62.53	17.12	16.64
S&P 500 Index (USD)	4.38	6.17	6.17	56.35	16.78	16.29

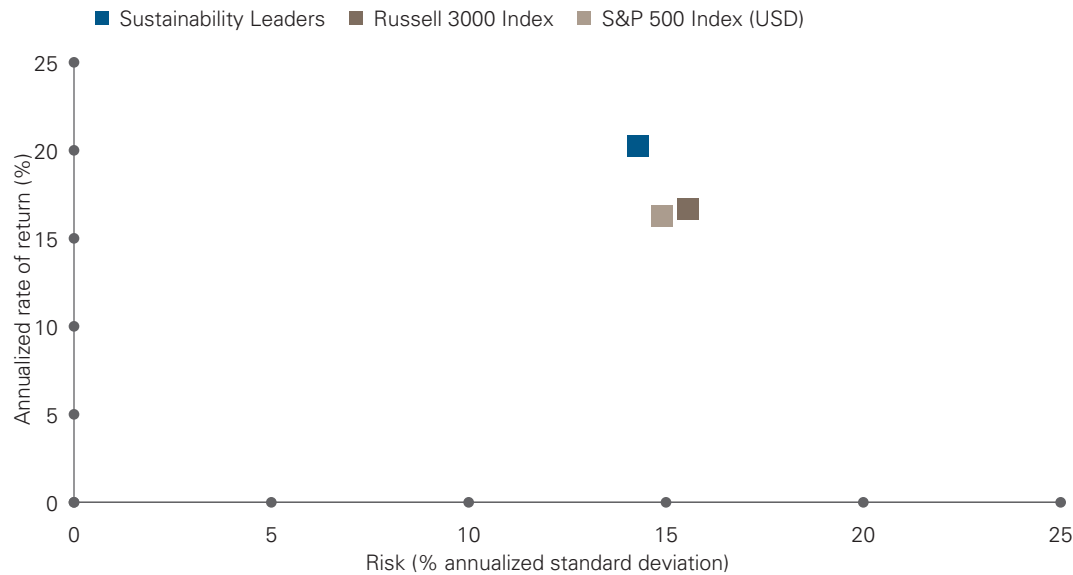
Prior to December 1, 2017, performance results were calculated using the ClearBridge Sustainability Leaders Composite, which was comprised of institutional account(s). Net total returns were calculated by reducing the institutional pure gross-of-fees performance by the highest bundle fee of 3.0%. ClearBridge follows substantially the same investment philosophy, strategies and processes in managing the Sustainability Leaders SMA account(s) that it does in managing the institutional ClearBridge Sustainability Leaders account(s). The performance of the ClearBridge Sustainability Leaders SMA Composite may vary from the performance of the institutional composite, especially over shorter time periods and during periods of extraordinary market conditions.

The strategy returns shown are preliminary composite returns, subject to future revision (downward or upward). Please visit [www.leggmason.com](http://www.leggmason.com) for the latest performance figures. Investors cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.

**Past performance is no guarantee of future results.** Returns for periods less than one year are not annualized. Pure gross of fee returns do not reflect the deduction of any expenses, including transaction costs. 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. **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. Please see appendix for the GIPS® Report. Management and performance of individual accounts may vary for reasons that include the existence of different implementation and model requirements in different investment programs.

## Risk/return profile (%)

### Pure gross of fees (based on 10-year period ended March 31, 2021)



### Modern portfolio statistics as of March 31, 2021

	Sustainability Leaders	Russell 3000 Index	S&P 500 Index (USD)
Annualized return (%)	20.24	16.64	16.29
Annualized standard deviation (%)	14.30	15.56	14.89
Sharpe ratio	1.29	1.00	1.02
Beta	0.89	N/A	N/A
Alpha	4.71	N/A	N/A
R-squared	0.94	N/A	N/A

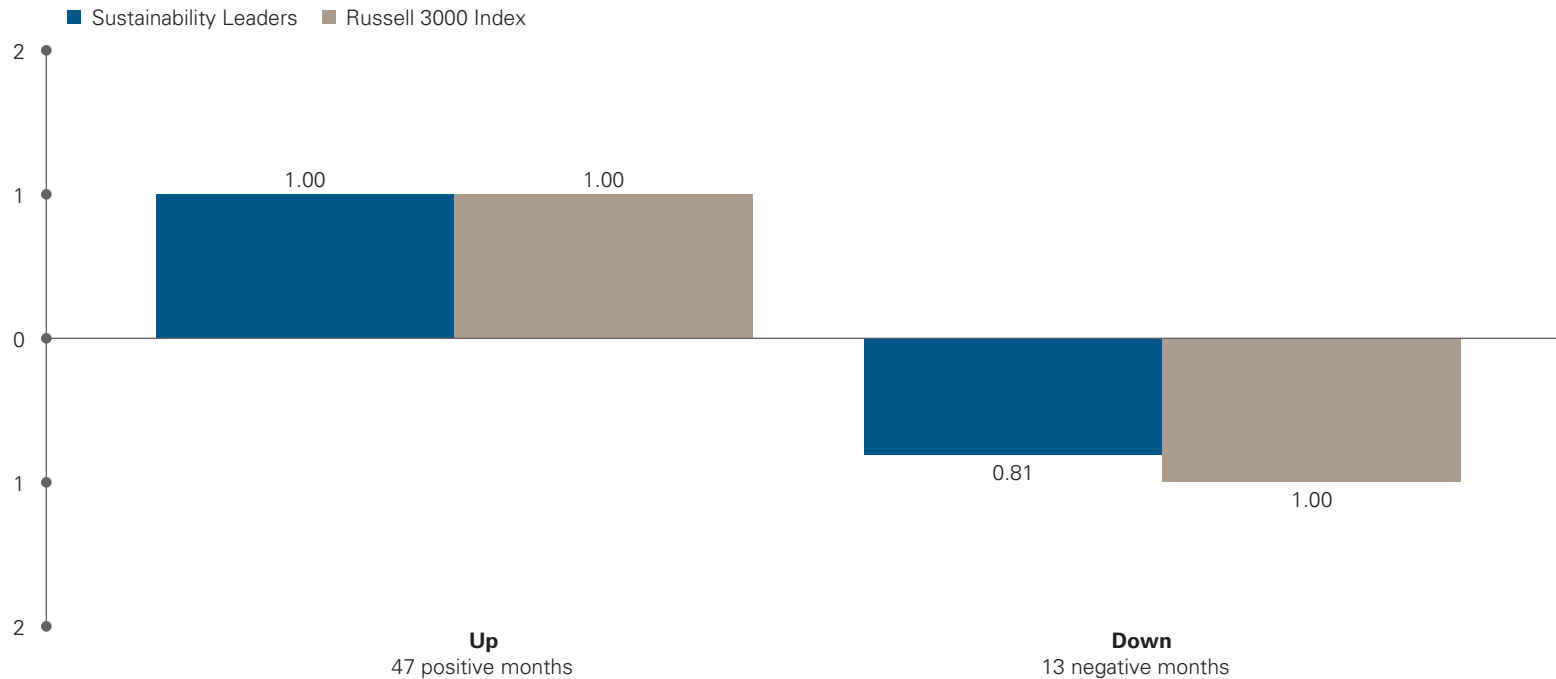
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**Past performance is no guarantee of future results.** Investments involve risk of loss. Alpha, Beta, and R-Squared are shown versus the Russell 3000 Index. Investors cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges. Please see appendix for term definitions.

Pure gross of fee returns do not reflect the deduction of any expenses, including transaction costs. 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. All performance is reported in US dollars. Management and performance of individual accounts may vary for reasons that include the existence of different implementation and model requirements in different investment programs.

## Up/Down market capture ratios (%)

**Pure gross of fees** (based on 10-year period ended March 31, 2021)

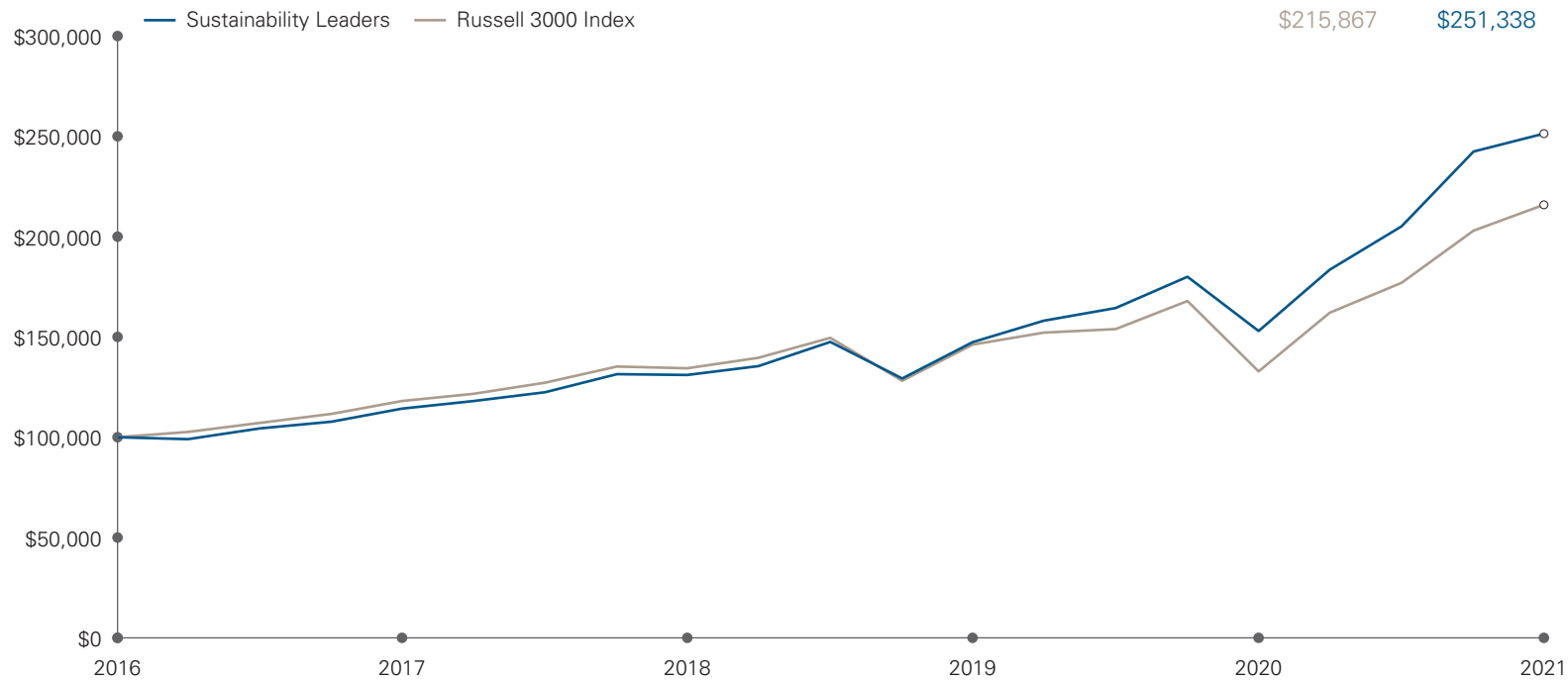


**The strategy returns shown are preliminary composite returns, subject to future revision (downward or upward). Please visit [www.leggmason.com](http://www.leggmason.com) for the latest performance figures. Investors cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.**

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## Growth of \$100,000

**Pure gross of fees** (based on 10-year period ended March 31, 2021)



**The strategy returns shown are preliminary composite returns, subject to future revision (downward or upward). Please visit [www.leggmason.com](http://www.leggmason.com) for the latest performance figures. Investors cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.**

For illustrative purposes only. Assumes no withdrawals or contributions. These statistics are based on pure gross-of-fees quarterly composite returns, were calculated assuming reinvestment of dividends and income, and take into account both realized and unrealized capital gains and losses. **Past performance is no guarantee of future results. All investments involve risk, including the loss of principal.**

Pure gross of fee returns do not reflect the deduction of any expenses, including transaction costs. 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. Management and performance of individual accounts may vary for reasons that include the existence of different implementation and model requirements in different investment programs.

## Investment management team

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Derek Deutsch, CFA,

*Managing Director, Portfolio Manager*

- Industry since 1999
- Firm since 1999
- Georgetown University — MBA
- Brown University — BA Special Assistant, U.S. Department of Health and Human Services, Wash. DC
- Journalist, health care policy, American Political Network, Washington, DC

Mary Jane McQuillen

*Managing Director, Portfolio Manager*

- Head of Environmental, Social and Governance Investment
- Industry since 1996
- Firm since 1996
- Columbia Business School — MBA
- Fordham University — BS
- Member of the ClearBridge Investments Proxy Committee
- Member of the Board of Directors and Sustainable Investment Committee, New York Society of Security Analysts (NYSSA)
- Member of the Board of Directors, Social Investment Forum
- Member of the Steering Committee, Sustainable Investment Research Analyst Network (SIRAN)
- Member, United Nations Environment Program Finance Initiative (UNEP FI) Asset Management Working Group (AMWG)
- Smith Barney Inc— Business Unit Analyst

## GIPS Report

**ClearBridge Sustainability Leaders SMA** Strategy Inception Date: April 2015. Composite Creation Date: December 2017. Reporting Currency: USD.

Period	Total Return (Net, %)	Total Return (*Pure Gross, %)	Russell 3000 Benchmark Return	Number of Portfolios	% of Bundled Fee Portfolios in the Composite	Composite Dispersion (%)	Composite 3 Yr. St. Dev. (%)	Benchmark 3 Yr. St. Dev. (%)	Total Composite Assets at End of Period (USD million)	Percentage of Firm Assets	Total Firm Assets at End of Period (USD million)
2019	35.26	39.21	31.02	<5	100	n/m	12.36	12.38	24.7	0.0	128,740.4
2018	-4.51	-1.63	-5.24	<5	100	n/m	11.75	11.34	18.4	0.0	106,083.4
2017	18.47	21.97	21.13	<5	100	n/m	n/a	n/a	0.5	0.0	119,187.1
2016	3.84	6.95	12.74	6	0	0.82	n/a	n/a	261.9	0.3	100,936.9
Apr - Dec 2015	-3.32	-1.14	-1.30	5	0	n/m	n/a	n/a	17.0	0.0	92,536.4

\*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.

n/m - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

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, 2019. A firm that claims compliance with the GIPS standards must establish policies and procedure for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

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. In July 2020 Legg Mason, Inc. was purchased by Franklin Resources Inc.

Composite Information:

The ClearBridge Sustainability Leaders SMA composite consists of discretionary wrap accounts with an account minimum of US \$25,000. The Strategy will pursue its investment objective by investing in common stocks and other equity securities that meet the portfolio managers' financial and sustainability/environmental, social and governance ("ESG") criteria. The portfolio managers consider a sustainable company to be one that offers products and services that have a positive impact on society and has well-defined strategies in place to ensure longevity as an investment. The strategy is implemented by Legg Mason Private Portfolio Group, LLC (LMPPG). LMPPG claims compliance with the Global Investment Performance Standards (GIPS®). LMPPG has been independently verified for the periods January 1, 2013 - December 31, 2019. LMPPG is a wholly-owned subsidiary of Legg Mason, Inc and together with its sub-advisers, including ClearBridge, provides investment services primarily in investment programs sponsored by Sponsor Firm. To obtain a compliant presentation and/or the firm's list of composite descriptions, please contact info@clearbridge.com. The main risks of this strategy are General Investment Risk, ESG Investing Risk, Small Cap Risk and Mid Cap 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. 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. Prior to December 2017, performance results were calculated using the ClearBridge Sustainability Leaders Strategy composite which was comprised of institutional accounts. Net total returns were calculated by reducing the institutional gross-of-fees performance by the highest bundle fee of 3.00%. A list of composite and limited distribution pooled fund descriptions and a list of broad distribution pooled funds is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Past performance is not necessarily indicative of future results. Gross returns are used to calculate presented risk measures. 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.

Benchmark Information:

The Russell 3000® Index measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market. Benchmark returns are not covered by the report of independent verifiers.



## Definitions

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### Index Definitions

The **Bloomberg Barclays U.S. Government/Credit Bond** Index tracks the performance of the overall bond market and is a broad measure of the performance of government and corporate fixed-rate debt issues.

The **FTSE 3-Month U.S. Treasury Bill** Index is an index based upon the average monthly yield of the 90-Day Treasury Bills. Treasury bills are secured by the full faith and credit of the U.S. Government and offer a fixed rate of return.

The **MSCI EAFE Index (Europe, Australasia, Far East)** is an unmanaged index of common stocks of companies located in Europe, Australasia and the Far East.

The **MSCI World** Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets.

The **MSCI World ex. US** Index consists of the following 22 developed market country indexes: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and, the United Kingdom.

The **Russell 1000** Index consists of the 1000 largest securities in the Russell 3000 Index, and this large cap (market-oriented) index is highly correlated with the S&P 500 Index.

The **Russell 1000 Growth** Index measures the performance of those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values. (A price-to-book ratio is the price of a stock compared to the difference between a company's assets and liabilities).

The **Russell 1000 Value** Index measures the performance of those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 2000** Index is comprised of the 2,000 smallest companies in the Russell 3000 Index.

The **Russell 2000 Growth** Index measures the performance of those Russell 2000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 2000 Value** Index measures the performance of those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 3000** Index is comprised of the 3,000 largest U.S. companies based on total market capitalization, and represents the vast majority of the investable U.S. market.

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.

The **Russell MidCap** Index consists of the 800 smallest companies in the Russell 1000 Index as ranked by total market capitalization.

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

The **Russell MidCap Value** Index measures the performance of those Russell MidCap companies with lower price-to-book ratios and lower forecasted growth values. The stock are also members of the Russell 1000 Value Index.

The **S&P 500** Index is a capitalization weighted, composite index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

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

## Definitions

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### Term definitions

**Market Capitalization** measures the number of outstanding common shares of a given corporation multiplied by the latest price per share.

**Weighted Median Market Capitalization** represents the value at which half the portfolio's market capitalization weight falls above and half falls below.

**Weighted Average Market Capitalization** represents the average value of the companies held in the portfolio. When that figure is weighted, the impact of each company's capitalization on the overall average is proportional to the total market value of its shares.

**Dividend Yield** is determined by dividing a stock's annual dividends per share by the current market price per share. Dividend yield is a financial ratio that shows how much a company pays out in dividends.

**P/E (Year 1)** is the previous day's closing price of the stock divided by the consensus earnings per share (EPS) of fiscal year 1 (FY1) provided by I/B/E/S. Forecasts are inherently limited and should not be relied upon as indicators of future performance.

The **Price-to-Book** ratio (P/B) is a stock's price divided by the stock's per share book value.

**Earnings Per Share** (EPS) is the portion of a company's profit allocated to each outstanding share of a common stock.

The **Sharpe Ratio** is a risk-adjusted measure, calculated using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the portfolio's historical adjusted performance.

**Alpha** is a measure of the difference between actual returns and expected performance, given the level of risk as measured by Beta, where Beta measures sensitivity to benchmark movements.

**R-Squared** measures the strength of the linear relationship between the portfolio and its benchmark. R-squared at 1.0 implies perfect linear relationship and zero implies no relationship exists.

**Standard Deviation** is based on quarterly data. Standard deviation is a measure of the variability of returns; the higher the standard deviation, the greater the range of performance (i.e., volatility).

The **Capture Ratios** measure a manager's composite performance relative to the benchmark, considering only those quarters that are either positive (Up) or negative (Down) for the benchmark.

An **Up Market Capture Ratio** greater than 1.0 indicates a manager who has outperformed the benchmark in the benchmark's positive quarters.

A **Down Market Capture Ratio** of less than 1.0 indicates a manager who has outperformed the relative benchmark in the benchmark's negative quarters.

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- We offer an unmatched range of specialist investment managers, consisting of more than 1,300 investment professionals
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