

Legg Mason, Inc.

100 International Drive
Baltimore, Maryland 21202

Style: US Multi Asset
Sub-Style: Balanced Blend Tax Favored
Firm AUM: \$466.0 billion[^]
Firm Strategy AUM: \$14.4 million^{^^}

Year Founded: 1899
GIMA Status: Approved
Firm Ownership: Legg Mason, Inc.
Professional-Staff: 242^{^^^}

PRODUCT OVERVIEW

The ClearBridge Appreciation portfolios seek long-term capital appreciation by investing primarily in core portfolios of quality large-capitalization companies. The portfolio managers may also invest client portfolios in selected mid and small capitalization companies. The managers seek to create diversified portfolios, believing this approach may help portfolios benefit over time from changes in market and economic cycles and also help reduce overall portfolio volatility. Investments generally include companies the managers believe have superior demonstrated or expected growth characteristics and whose stocks are available at reasonable prices, and/or companies whose assets or earning power the managers believe are either unrecognized or undervalued by the market. While most investments are in U.S. companies, the managers may also invest in ADRs and U.S.-traded ordinary shares of non-U.S. companies in developed and emerging markets. Also, although the general focus of the ClearBridge Appreciation portfolios is equity investing, the managers may sometimes hold significant portions of portfolio assets in cash equivalents while waiting for buying opportunities. In addition to making Appreciation portfolios available in an equity format, LMPPG may make these portfolios available in a taxable balanced format (in which U.S. Government and/or corporate debt securities represent the fixed income portion of the portfolios) and a tax-favored balanced format (in which municipal securities represent the fixed income portion of the portfolios). Western Asset manages the fixed income portion of balanced portfolios, seeking to add stability and generate income. LMPPG refers to balanced portfolios as Legg Mason Appreciation balanced portfolios. The Western Asset GSM 3-Year ("GSM3") portfolios, Western Asset GSM 5-Year ("GSM5") portfolios and Western Asset GSM 7-Year ("GSM7") portfolios seek to produce total returns over complete market cycles that exceed appropriate benchmark returns. As part of this total return investment approach, the portfolios also seek to preserve principal. Western Asset manages these portfolios based on analysis of specific fundamental factors. The portfolio managers are responsible for monitoring daily market activity in an attempt to provide incremental return exceeding that expected under certain buy and hold and random trading strategies. These portfolios involve investments in U.S. Treasury and federal agency securities with varying maturities. GSM3 portfolios have average

- MANAGER'S INVESTMENT STRATEGY**
- Top-down / portfolio structures based on economic trends
- Bottom-up / portfolio structure based on individual securities

TARGET PORTFOLIO CHARACTERISTICS

Number of stock holdings:	46
P/E ratio:	—
Cash level over market cycle:	—
Risk (standard deviation):	—
Average turnover rate:	10.00
Number of bond holdings:	31
Average maturity:	4.37
Use ADRs:	0 to 25%
Capitalization:	—

PORTFOLIO'S EQUITY SECTOR WEIGHTINGS *

Sector	-----06/20-----	12/19
	Legg Mason	Legg Mason
Energy	2.36	0.00
Materials	4.86	0.00
Industrials	12.37	0.00
Consumer Discretionary	7.35	0.00
Consumer Staples	9.10	0.00
Health Care	11.58	0.00
Financials	9.92	0.00
Information Technology	21.70	0.00
Communication Services	10.38	0.00
Utilities	1.52	0.00
Cash/Cash Equivalents	6.78	0.00
Real Estate/REITs	2.08	0.00

PORTFOLIO STATISTICS

	-----06/20-----	12/19
	Legg Mason	Legg Mason
Number of stock holdings	46	49
Dividend Yield	2.1%	1.9%
Distribution Rate	—	—
Wtd avg P/E ratio ¹	23.73x	21.98x
Wtd avg portfolio beta	0.87	0.85
Mega capitalization ⁺	0.0%	0.0%
Large capitalization ⁺	0.0%	0.0%
Medium capitalization ⁺	0.0%	0.0%
Small capitalization ⁺	0.0%	0.0%
Micro capitalization ⁺	0.0%	0.0%
Number of bond holdings	31	31
Avg maturity	4.37 yrs.	4.48 yrs.

PORTFOLIO'S TOP FIVE EQUITY HOLDINGS

	%
Microsoft Corp	7.6
Amazon.com Inc	4.7
Alphabet Inc	4.3
Raytheon Technologies Corp	3.6
Comcast Corp	3.5

% PROCESS BASED ON

- 0 Asset allocation
- 0 Industry or sector weighting
- 0 Stock Selection
- 0 Duration Management
- 0 Yield Curve Management
- 0 Sector Selection
- 0 Bond Selection

[^]As of 12/31/2014. Information as of 06/30/2020 is not yet available.

^{^^}As of 12/31/2019. Information as of 06/30/2020 is not yet available.

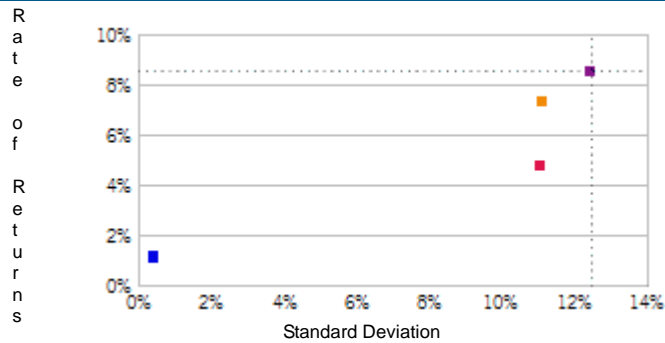
^{^^^}As of 03/31/2015. Information as of 06/30/2020 is not yet available.

¹The P/E used here is calculated by the harmonic mean.

MANAGER'S INVESTMENT PROCESS	RISK CONSIDERATIONS	PORTFOLIO'S ALLOCATION HISTORY (%) ⁺																																								
	<p>Investing in securities entails risks, including: Equity portfolios are subject to the basic stock market risk that a particular security, or securities in general, may decrease in value. Fixed Income securities may be sensitive to changes in prevailing interest rates. When rates rise the value generally declines. There is no assurance that the private guarantors or insurers will meet their obligations. Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations. Value investing does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected. Bonds rated below investment grade may have speculative characteristics and present significant risks beyond those of other securities, including greater credit risk and price volatility in the secondary market. Investors should be careful to consider these risks alongside their individual circumstances, objectives and risk tolerance before investing in high-yield bonds. If a strategy expects to hold a concentrated portfolio of a limited number of securities, it should be noted that a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than that of a less concentrated portfolio.</p>	<table border="1"> <thead> <tr> <th></th> <th>06/20</th> <th>03/20</th> <th>12/19</th> <th>09/19</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="5">FIXED INCOME SECTOR DISTRIBUTION (%)⁺</th> </tr> <tr> <th></th> <th>06/20</th> <th>03/20</th> <th>12/19</th> <th>09/19</th> </tr> </thead> <tbody> <tr> <td>Revenue Bonds</td> <td>55.00</td> <td>56.57</td> <td>58.52</td> <td>62.74</td> </tr> <tr> <td>General Obligation Bonds</td> <td>31.71</td> <td>31.04</td> <td>30.77</td> <td>30.97</td> </tr> <tr> <td>Other</td> <td>10.24</td> <td>10.30</td> <td>9.10</td> <td>4.39</td> </tr> <tr> <td>Pre-Refunded Bonds</td> <td>3.05</td> <td>2.09</td> <td>1.61</td> <td>1.90</td> </tr> </tbody> </table>		06/20	03/20	12/19	09/19						FIXED INCOME SECTOR DISTRIBUTION (%) ⁺						06/20	03/20	12/19	09/19	Revenue Bonds	55.00	56.57	58.52	62.74	General Obligation Bonds	31.71	31.04	30.77	30.97	Other	10.24	10.30	9.10	4.39	Pre-Refunded Bonds	3.05	2.09	1.61	1.90
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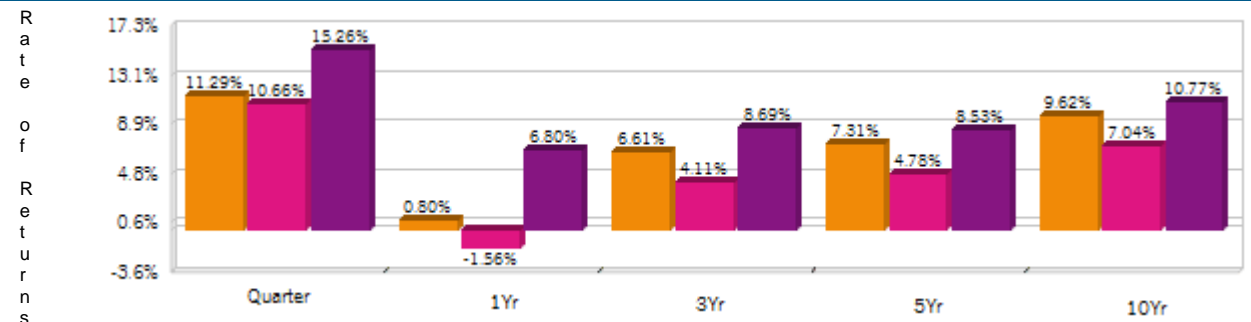
See important notes and disclosures pages for a discussion of the sources of the performance data used to calculate the performance results and related analyses shown above.

RISK/RETURN ANALYSIS - 5 YEARS ENDING 06/30/20



	STD	ROR
Legg Mason (Gross)	11.11	7.31
Legg Mason (Net)	11.06	4.78
70% S&P 500/30% BC 5 Yr Muni Bond Index	12.44	8.53
90-Day T-Bills	0.43	1.15

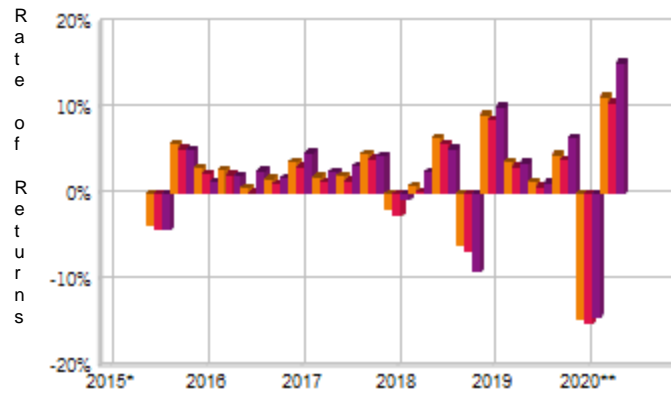
AVERAGE ANNUAL TOTAL RETURN (%) - PERIODS ENDING 06/30/20



INVESTMENT RESULTS

	Annual Rates of Return (%)										10 Year - Ending 06/30/20	
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Annual	Std. Dev.
Legg Mason (Gross)	9.34	4.84	12.42	22.94	10.13	0.46	8.72	13.27	-0.95	20.29	9.62	9.56
Legg Mason (Net)	6.77	2.39	9.76	20.09	7.49	-1.90	6.12	10.59	-3.29	17.48	7.04	9.52
70% S&P 500/30% BC 5 Yr Muni Bond Index	11.89	3.81	12.06	22.14	10.51	1.91	8.27	15.95	-2.36	23.32	10.77	10.70

RISK VOLATILITY (%)



*07/01/15-12/31/15 **01/01/20-06/30/20

	Number Of	Up Qtrs.	Down
Legg Mason (Gross)	16	4	4
Legg Mason (Net)	16	4	4
70% S&P 500/30% BC 5 Yr Muni Bond Index	16	4	4

PORTFOLIO'S QUARTERLY RETURNS (%)

	Quarter1		Quarter2		Quarter3		Quarter4	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
2010	3.62	2.99	-5.89	-6.45	6.97	6.36	4.81	4.20
2011	3.83	3.21	0.97	0.38	-8.00	-8.57	8.71	8.09
2012	6.93	6.31	0.17	-0.43	4.40	3.78	0.53	-0.08
2013	8.18	7.56	2.19	1.58	3.40	2.80	7.55	6.92
2014	1.52	0.89	2.89	2.28	0.95	0.33	4.44	3.82
2015	-0.40	-1.02	-1.15	-1.74	-3.63	-4.19	5.87	5.27
2016	3.05	2.42	2.86	2.24	0.77	0.17	1.78	1.16
2017	3.76	3.14	2.03	1.42	2.14	1.53	4.75	4.13
2018	-1.89	-2.46	0.90	0.29	6.49	5.87	-6.04	-6.63
2019	9.27	8.63	3.81	3.20	1.42	0.82	4.57	3.94
2020	-14.60	-15.11	11.29	10.66				

Related Select UMA

PORTFOLIO'S RISK STATISTICS -€" PERIODS ENDING 06/30/20 ^{1 2}

	3 Year	5 Year
Standard Deviation	13.92%	11.11%
Standard Deviation of Primary Benchmark	15.69%	12.44%
Sharpe Ratio	0.35	0.55
Sharpe Ratio of Primary Benchmark	0.44	0.59
Alpha	-1.15%	-0.26%
Beta	0.87	0.87
Downside Risk	3.13%	2.59%
R-Squared	0.96	0.95
Tracking Error	3.52%	3.08%
Information Ratio	-0.59	-0.40

PORTFOLIO DIVERSIFICATION - R²(INCEPTION THROUGH 12/14)+

Legg Mason vs. 70% S&P 500/30% BC 5 Yr Muni Bond Index	R ² 0.95
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+Statistics are calculated using gross of fee performance only.

1. Statistics are calculated using gross of fee performance only.
2. 70% S&P 500/30% BC 5 Yr Muni Bond Index was used as the primary benchmark and the 90-Day T-Bills Index as the risk-free benchmark.

IMPORTANT NOTES AND DISCLOSURES

INDEX DESCRIPTIONS

70% S&P 500/30% BC 5 Yr Muni Bond Index

70% S&P 500 Index, 30% BC 5 Year Municipal Bond Index

90-Day T-Bills

The 90-Day Treasury Bill is a short-term obligation issued by the United States government. T-bills are purchased at a discount to the full face value, and the investor receives the full value when they mature. The difference of discount is the interest earned. T-bills are issued in denominations of \$10,000 auction and \$1,000 increments thereafter.

S&P 500

The S&P 500 Total Return has been widely regarded as the best single gauge of the large cap U.S. equities market since the index was first published in 1957. The index has over \$5.58 trillion benchmarked, with index assets comprising approximately \$1.31 trillion of this total. The index includes 500 leading companies in leading industries of the U.S. economy, capturing 75% coverage of U.S. equities. This index includes dividend reinvestment.

Indices are unmanaged and have no expenses. You cannot invest directly in an index.

GLOSSARY OF TERMS

Alpha is a mathematical estimate of risk-adjusted return expected from a portfolio above and beyond the benchmark return at any point in time.

American Depositary Receipts (ADRs) are receipts for shares of a foreign-based corporation held in the vault of a U.S. bank.

Average Portfolio Beta is a measure of the sensitivity of a benchmark or portfolio's rates of return to changes against a market return. The market return is the S&P 500 Index. It is the coefficient measuring a stock or a portfolio's relative volatility.

Beta is a measure of the sensitivity of a portfolio's rates of return to changes in the market return. It is the coefficient measuring a stock or a portfolio's relative volatility.

Bottom-Up Stock Selection Emphasis primarily on individual stock selection. Considerations of economic and industry factors are of secondary importance in the investment decision-making process.

Capitalization is defined as the following: Mega (Above \$100 billion), Large (\$12 to \$100 billion), Medium (\$2.5 - \$12 billion), Small (\$.50 - \$2.5 billion) and Micro (below \$.50 billion).

Distribution Rate is defined as the most recent distribution paid, annualized, and then divided by the current market price. Distribution rate may consist of investment income, short-term capital gains, long-term capital gains, and /or returns of capital.

Dividend a portion of a company's profit paid to common and preferred shareholders.

Dividend Yield annual dividend per share divided by price per share. Dividend Yield for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

Downside Risk is a measure of the risk associated with achieving a specific target return. This statistic separates portfolio volatility into downside risk and upside uncertainty. The downside considers all returns below the target return, while the upside considers all returns equal to or above the target return.

Duration is a measure of price sensitivity expressed in years.

High Grade Corporate Bonds corporate bonds from issuers with credit ratings of AA or AAA.

Information Ratio is a measure of the investment manager's skill to add active value against a given benchmark relative to how stable that active return has been. Essentially, the information ratio explains how significant a manager's alpha is. Therefore, the higher the information ratio, the more significant the alpha.

Investment Grade Bonds are those rated by Standard & Poor's AAA (highest rated), AA, A or BBB (or equivalent rating by other rating agencies or, in the case of securities not rated, by the investment manager).

Price/Book Ratio (P/B) weighted average of the stocks' price divided by book value per share. Book value per share is defined as common equity, including intangibles, divided by shares outstanding times the adjustment factor.

Price/Cash Flow Ratio a ratio used to compare a company's market value to its cash flow. It is calculated by dividing the company's market cap by the company's operating cash flow in the most recent fiscal year (or the most recent four fiscal quarters); or, equivalently, divide the per-share stock price by the per-share operating cash flow.

Price/Earnings Ratio (P/E Ratio) shows the multiple of earnings at which a stock sells. Determined by dividing current stock price by current earnings per share (adjusted for stock splits). Earnings per share for the P/E ratio are determined by dividing earnings for past 12 months by the number of common shares outstanding. The P/E ratio shown here is calculated by the harmonic mean.

Price/Sales Ratio determined by dividing current stock price by revenue per share (adjusted for stock splits). Revenue per share for the P/S ratio is determined by dividing revenue for past 12 months by number of shares outstanding.

R2 (R-Squared)/Portfolio Diversification indicates the proportion of a security's total variance that is benchmark-related or is explained by variations in the benchmark.

Sharpe Ratio measures the efficiency, or excess return per unit of volatility, of a manager's returns. It evaluates managers' performance on a volatility-adjusted basis.

Standard Deviation is a statistical measure of historical variability or spread of returns around a mathematical average return that was produced by the investment manager over a given measurement period. The higher the standard deviation, the greater the variability in the investment manager's returns relative to its average return.

Top-Down/Economic Analysis Emphasis primarily on macroeconomic trends as opposed to bottom-up stock selection.

Tracking Error represents the standard deviation of the difference between the performance of the investment strategy and the benchmark. This provides a historical measure of the variability of the investment strategy's returns relative to its benchmark.

U.S. Treasury Bonds a marketable, fixed interest U.S. government debt security with a maturity of more than 10 years. Treasury bonds make interest payments semi-annually and the income that holders receive is only taxed at the federal level.

Volatility a measure of risk based on the standard deviation of the asset return. Volatility is a variable that appears in option pricing formulas, where it denotes the volatility of the underlying asset return from now to the expiration of the option. There are volatility indexes. Such as a scale of 1-9; a higher rating means higher risk.