

LEGG MASON

GLOBAL ASSET MANAGEMENT

LEGG MASON PARTNERS*

Form ADV Part 2A Brochure

June 23, 2017

620 Eighth Avenue, 49th Floor
New York, NY 10018

*This brochure is a Form ADV disclosure document of Legg Mason Partners Fund Advisor, LLC (“LMPFA”). LMPFA conducts business with institutional separately managed account clients under the name “Legg Mason Partners.” LMPFA is a wholly-owned subsidiary of Legg Mason, Inc.

THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF LMPFA WITH A FOCUS ON THE INSTITUTIONAL SEPARATELY MANAGED ACCOUNT BUSINESS THAT IT CONDUCTS UNDER THE NAME LEGG MASON PARTNERS. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT US AT (212) 805-6016. THE INFORMATION IN THIS BROCHURE HAS NOT BEEN APPROVED OR VERIFIED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (the “SEC”) OR BY ANY STATE SECURITIES AUTHORITY.

ADDITIONAL INFORMATION ABOUT LMPFA ALSO IS AVAILABLE ON THE SEC’S WEBSITE AT www.adviserinfo.sec.gov. CLICK ON “INVESTMENT ADVISER SEARCH.”

LMPFA IS REGISTERED WITH THE SEC AS AN INVESTMENT ADVISER. LMPFA’S STATUS AS A REGISTERED INVESTMENT ADVISER DOES NOT IMPLY A CERTAIN LEVEL OF SKILL OR TRAINING.

Item 2 - Material Changes

Item 10 of the brochure has been updated to include disclosures concerning potential conflicts of interest arising out of LMPFA's provision of investment management services to exchange traded funds based on indexes developed, owned and managed by certain Legg Mason affiliated investment advisers and how LMPFA and Legg Mason affiliated investment advisers seek to address such potential conflicts of interest.

Item 3 - Table of Contents

Item 1 - Cover Page.....	1
Item 2 - Material Changes.....	2
Item 3 - Table of Contents.....	3
Item 4 - Advisory Business.....	4
Item 5 - Fees and Compensation.....	7
Item 6 - Performance-Based Fees and Side-By-Side Management.....	9
Item 7 - Types of Clients.....	10
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss	11
Item 9 - Disciplinary Information	13
Item 10 - Other Financial Industry Activities and Affiliations.....	14
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	17
Item 12 - Brokerage Practices.....	19
Item 13 - Review of Accounts.....	20
Item 14 – Client Referrals and Other Compensation.....	22
Item 15 – Custody	23
Item 16 - Investment Discretion.....	24
Item 17 - Voting Client Securities	25
Item 18 - Financial Information	26

Item 4 - Advisory Business

Our Firm

In March 2016, LMPFA began to offer investment management services to institutional separate account clients under the name “Legg Mason Partners.” Such services are described below under “Investment Management Services Provided to Institutional Clients.”

Legg Mason Partners Fund Adviser, LLC (“LMPFA”) became registered as an investment adviser with the U.S. Securities and Exchange Commission (“SEC”) in May 2006. LMPFA is a wholly-owned subsidiary of publicly-held Legg Mason, Inc. LMPFA was established in 2006 to provide investment management and administrative services to U.S. registered investment companies (“Legg Mason Funds”). LMPFA typically does not provide day-to-day investment management services for the Legg Mason Funds, but instead retains various Legg Mason investment advisory affiliates (“Legg Mason Advisory Affiliates”) as sub-advisers to provide such investment management services.

As of March 31, 2017, LMPFA managed approximately \$211.3 billion on a discretionary basis on behalf of the Legg Mason Funds. As of March 31, 2017, Legg Mason Partners did not have any discretionary assets under management in institutional separate accounts as Legg Mason Partners did not commence offering investment management services to such clients until March 2016.

This brochure is focused primarily on the investment management and client services that Legg Mason Partners offers and provides with respect to institutional separate account clients.

Investment Management Services Provided to Institutional Clients

Legg Mason Partners offers institutional clients the ability to access a wide range of institutional investment management strategies that are available from certain Legg Mason Advisory Affiliates. Legg Mason Partners enters into an investment management agreement directly with the client (such a client is referred to in this brochure as a “LMP Contracted Client” and the account established by such a client is referred to in this brochure as a “LMP Contracted Account”), and in turn delegates day-to-day investment management responsibilities to the Legg Mason Advisory Affiliate responsible for the investment strategy selected by such LMP Contracted Client. Such delegation to the Legg Mason Advisory Affiliate is effected pursuant to a sub-adviser agreement (“Sub-Adviser Agreement”) between Legg Mason Partners and the applicable Legg Mason Advisory Affiliate. In this brochure, a Legg Mason Advisory Affiliate that serves as a sub-adviser to Legg Mason Partners pursuant to a Sub-Adviser Agreement is referred to as a “Legg Mason Sub-Adviser.”

LMP Contracted Clients that access the investment management services of a Legg Mason Advisory Affiliate through Legg Mason Partners, instead of by contracting directly with the Legg Mason Advisory Affiliate, benefit from the general oversight provided by Legg Mason Partners, as described in Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss), from the additional periodic account reviews performed by Legg Mason Partners, as described in Item 13 (Review of Accounts), and from the value-added relationship management services described below.

Form ADV Brochures of Legg Mason Sub-Advisers

Since day-to-day investment management responsibilities for LMP Contracted Accounts are delegated to Legg Mason Sub-Advisers, the responses to several of the items in this brochure refer to the Form ADV brochure of the applicable Legg Mason Sub-Adviser for a description of the investment strategies and business practices and policies of such Legg Mason Sub-Adviser. **Legg Mason Partners will provide a LMP Contracted Client with a copy of the Form ADV brochure of the applicable Legg Mason Sub-Adviser selected by such client at or prior to the time that it enters into an investment management agreement with the client. LMP Contracted Clients should carefully review both this brochure and the Form ADV brochure of the applicable Legg Mason Sub-Adviser.**

Customization

Management of LMP Contracted Accounts may be tailored to client needs and requirements through investment objectives, guidelines, limitations and restrictions (collectively, “Investment Guidelines”) that are established by the LMP Contracted Client and agreed to by Legg Mason Partners. Investment Guidelines typically are referenced or set forth in the investment advisory or management agreement. Investment Guidelines may include, without limitation, restrictions or limitations on the types of issuers, securities or instruments in which an account’s assets may be invested, percentage limitations on the portion of a LMP Contracted Account’s assets that may be invested in securities of a particular issuer, industry, sector or country, and risk exposure requirements and limitations.

Value-Added Relationship Management Services

In addition to providing institutional clients with access to a wide range of investment management strategies that are available from Legg Mason Sub-Advisers, Legg Mason Partners’ client service team provides value-added relationship management services in a consultative manner to LMP Contracted Clients. Such value-added services include:

- coverage by individuals with broad and deep knowledge of the institutional investment management marketplace and the wide range of investment capabilities of multiple Legg Mason Sub-Advisers that can be accessed through Legg Mason Partners;
- guidance and assistance on investment policy matters;
- oversight of the customization and delivery of client reporting and communication services;
- access to research publications, investment conferences, and general and bespoke investor education tools and programs; and
- account-specific liaison services consisting of: frequent client meetings and discussions; prompt dissemination of relevant organizational information concerning Legg Mason Partners and the applicable Legg Mason Sub-Adviser; timely responses to client requests for information; and providing a clear line of communication with the applicable Legg Mason Sub-Adviser on behalf of the client to address and resolve any issues or concerns that may arise.

In providing the value-added services described above, Legg Mason Partner's client service team strives to meet institutional clients' expectations by providing a high level of accountability and service excellence.

Legg Mason Partners' client service team is part of Legg Mason Global Distribution, a unit of Legg Mason that is responsible for promoting a broad range of investment products and services to institutional clients and to financial intermediaries and for providing ongoing client servicing to such clients and intermediaries.

Clients of Legg Mason Advisory Affiliates Serviced by Legg Mason Partners

In some instances, clients may wish to retain a Legg Mason Advisory Affiliate directly by entering into an investment management agreement with such Legg Mason Advisory Affiliate rather than with Legg Mason Partners. Legg Mason Partners has entered into, or anticipates entering into, a client services agreement ("Services Agreement") with each Legg Mason Advisory Affiliate with which it has entered into a Sub-Adviser Agreement pursuant to which it provides the same value-added relationship management services with respect to the accounts of clients that have direct contractual relationships with Legg Mason Advisory Affiliates that it provides with respect to LMP Contracted Accounts. Such direct accounts are referred to in this brochure as "LMP Serviced Accounts." Unlike LMP Contracted Clients, clients that establish LMP Serviced Accounts directly with a Legg Mason Advisory Affiliate are not investment advisory clients of Legg Mason Partners. A LMP Serviced Account pays an investment advisory or management fee directly to the Legg Mason Advisory Affiliate with which it contracts. Pursuant to the Services Agreement between Legg Mason Partners and such Legg Mason Advisory Affiliate, the Legg Mason Advisory Affiliate pays a portion of such fee to Legg Mason Partners for providing value-added relationship management services with respect to such LMP Serviced Account.

Item 5 - Fees and Compensation

Fees

Legg Mason Partners consults with the applicable Legg Mason Sub-Adviser with the goal of charging a LMP Contracted Client the same investment advisory fee that would be charged to such client by the Legg Mason Sub-Adviser if such client were to enter into an investment management agreement directly with such Legg Mason Sub-Adviser. Please refer to Item 5 (Fees and Compensation) of the applicable Legg Mason Sub-Adviser's Form ADV Part 2A brochure for the fee schedules applicable to separately managed accounts for each investment management strategy made available by such Legg Mason Sub-Adviser. Legg Mason Partners pays a portion of the investment advisory fees charged to a LMP Contracted Client to the applicable Legg Mason Sub-Adviser.

While it is Legg Mason Partners' general policy to charge fees to its clients in accordance with the fee schedules in effect at the time of executing the investment management agreement, fees are subject to negotiation and may be lower or higher than the fees set forth in such schedules to reflect circumstances that may apply to a specific client account. For example, fees may differ from those stated because of or to reflect existing relationships, anticipated client additions to assets under management, changing market conditions, client customization or servicing requirements, or for other reasons. Any negotiation of fees is done in consultation with the applicable Legg Mason Sub-Adviser.

A LMP Serviced Account is charged an investment advisory fee directly by the Legg Mason Advisory Affiliate with which it contracts. Pursuant to the Services Agreement between Legg Mason Partners and such Legg Mason Advisory Affiliate, the Legg Mason Advisory Affiliate pays a portion of such fee to Legg Mason Partners for providing value-added relationship management services with respect to such LMP Serviced Account.

How and When Clients are Billed

Advisory fees for LMP Contracted Accounts are generally based on assets under management, are usually billed quarterly, and are payable in arrears or as mutually agreed upon with the LMP Contracted Client. LMP Contracted Clients may agree to pay applicable advisory fees by authorizing their custodians to debit their accounts upon receipt of an invoice from Legg Mason Partners or from the applicable Legg Mason Sub-Adviser, acting as billing agent for Legg Mason Partners.

In the event a LMP Contracted Client pays Legg Mason Partners fees in arrears and terminates its investment management agreement, the LMP Contracted Client will be charged a pro-rated fee through the termination date. In the event fees are paid in advance, a pro-rata refund of the fees will be made when the agreement is terminated prior to the end of the period for which fees have already been paid.

What's Not Included in our Fee

The fees set forth in the applicable Legg Mason Sub-Adviser's Form ADV Part 2A brochure and in the investment management agreement between Legg Mason Partners and a Legg Mason Contracted Client are solely for the provision of investment management services furnished by Legg Mason Partners and the Legg Mason Sub-Adviser and do not include other fees a Legg Mason Contracted Client may incur, such as brokerage commissions and mark-ups and mark-

downs, transfer fees, exchange or similar fees (such as for ADRs), custody fees and fees charged by other service providers.

Performance Fees

From time to time, Legg Mason Partners may also charge performance-based advisory fees to qualified Legg Mason Contracted Clients, the terms of which are negotiated with such clients, but in all events, such arrangements shall comply with applicable provisions of the Investment Advisers Act of 1940 and related rules. Please see Item 6 (Performance-Based Fees and Side-By-Side Management).

Item 6 - Performance-Based Fees and Side-By-Side Management

General

LMPFA generally charges fees based on assets under management but may, in consultation with the applicable Legg Mason Sub-Adviser, enter into performance-based fee arrangements that allow for it to receive fees that are based in whole or in part on agreed upon measures of account performance.

How Conflicts of Interest Relating to Performance-Based Fees are Addressed

Performance-based fee arrangements may create an incentive for the applicable Legg Mason Sub-Adviser to favor accounts with higher fees in the allocation of investment opportunities, especially those of limited availability. Each Legg Mason Sub-Adviser has adopted policies and procedures that are designed to address this conflict of interest. Please refer to Item 6 (Performance-Based Fees and Side-by-Side Management) of the applicable Legg Mason Sub-Adviser's Form ADV Part 2A brochure for a description of such policies and procedures.

Item 7 - Types of Clients

Types of Institutional Clients

Legg Mason Partners' institutional separately managed account clients may include U.S. and non-U.S. government institutions, agencies and authorities, sovereign wealth funds, banks, insurance companies, corporations, public and private pension funds, foundations, endowments, family offices and trusts, and other types of institutional clients.

Registered Investment Fund and Non-U.S. Investment Pool Clients

In addition to Legg Mason Partners' institutional separately managed account business, LMPFA provides investment management and administrative services to the Legg Mason Funds, which are U.S. registered investment companies, and sub-administration services (non-advisory in nature) to non-U.S. investment pools.

Account Minimums

The minimum account size for each investment strategy that is available through Legg Mason Partners is established by the applicable Legg Mason Sub-Adviser. Please refer to Item 7 (Types of Clients) of the applicable Legg Mason Sub-Adviser's Form ADV Part 2A brochure for a description of the minimum account size applicable to an investment strategy. Account minimums may be waived to reflect existing relationships, anticipated client additions to assets under management, changing market conditions, client servicing requirements, or for other reasons. Any waivers of account minimums is done in consultation with the applicable Legg Mason Sub-Adviser.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

General

Legg Mason Partners does not directly manage LMP Contracted Accounts, but rather delegates day-to-day management of such accounts to a Legg Mason Sub-Adviser. Please refer to Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss) of the applicable Legg Mason Sub-Adviser's Form ADV Part 2A brochure for a description of the methods of analysis and investment strategies, and the material risks associated with such strategies, used by the Legg Mason Sub-Adviser in managing client accounts.

Oversight of Legg Mason Sub-Advisers

LMPFA performs certain oversight functions with respect to Legg Mason Sub-Advisers. Such oversight is conducted through periodic reviews that are designed to confirm that each Legg Mason Sub-Adviser is adequately staffed and resourced, is operationally sound, and has implemented appropriate policies and procedures that are reasonably designed to comply with the U.S. federal securities laws. The oversight performed by LMPFA also seeks to confirm that Legg Mason Contracted Accounts are being managed in accordance with the selected investment strategy and applicable Investment Guidelines. Any issues that are identified in connection with such reviews are escalated and addressed with management of the applicable Legg Mason Sub-Adviser. Oversight and reviews of Legg Mason Sub-Advisers are conducted by senior LMPFA management, LMPFA's Chief Compliance Officer ("CCO"), and the Legg Mason Compliance Department, as described below. While LMPFA performs the basic oversight described in this Item 8, LMPFA does not review or make any independent determinations with respect to the merits of a Legg Mason Sub-Adviser's investment decisions.

A senior LMPFA executive is responsible for overseeing each Legg Mason Sub-Adviser contracting with Legg Mason Partners to provide subadvisory services with respect to LMP Contracted Clients. The responsible senior executive seeks to stay current on business developments at the applicable Legg Mason Sub-Adviser, including financial, staffing, marketing, compliance, and technology-related issues.

LMPFA's CCO performs certain oversight functions with respect to the operations of the Legg Mason Sub-Advisers. This oversight is conducted through a review of policies and procedures, due diligence visits, and periodic reviews of compliance with applicable policies and procedures and regulatory matters. On an annual basis, LMPFA's CCO determines whether the Legg Mason Sub-Advisers have adopted and implemented policies and procedures that are reasonably designed to comply with U.S. federal securities laws in connection with the services they provide to Legg Mason Partners' LMP Contracted Clients. The policies and procedures that are reviewed may include, without limitation, those relating to best execution, soft dollars, proxy voting, trade allocation, Code of Ethics and personal trading, broker-dealer counterparty approval, and compliance with Investment Guidelines. If LMPFA's CCO determines that the policies and procedures do not meet required standards, LMPFA's CCO will work with the Legg Mason Sub-Adviser in resolving the deficiencies.

On behalf of LMPFA, the Legg Mason Compliance Department assists with the oversight of the compliance systems of Legg Mason Sub-Advisers in several ways. The Legg Mason Compliance Department maintains recommended standards for establishing an effective compliance program. These include identifying an individual who is responsible for all

compliance issues, reporting certain events immediately to the Legg Mason Legal Department and the Legg Mason Compliance Department (e.g., regulatory inquiries) and adopting a written policies and procedures manual that addresses a variety of compliance topics. The Legg Mason Compliance Department also conducts periodic, risk-based reviews of each Legg Mason Sub-Adviser. The examinations test a range of issues based on a risk assessment of the applicable Legg Mason Sub-Adviser. Each examination results in a written report, including a written response on the part of the Legg Mason Sub-Adviser to identified deficiencies. The reports are shared with LMPFA's senior management and CCO.

An additional source of oversight of the services provided by a Legg Mason Sub-Adviser, particularly with respect to determining that a LMP Contracted Account is being managed in accordance with the selected investment strategy and applicable Investment Guidelines, is provided through the periodic account reviews that are conducted by Legg Mason Partners' Account Review Committee, as described in Item 13 (Review of Accounts) of this brochure.

Item 9 - Disciplinary Information

Legg Mason Partners is required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of Legg Mason Partners or the integrity of Legg Mason Partners' management. Legg Mason Partners has no information to disclose under this Item 9.

Item 10 - Other Financial Industry Activities or Affiliations

Legg Mason Sub-Advisers

Legg Mason Partners has arrangements that are material to its institutional investment management business with various Legg Mason Sub-Advisers. Specifically, Legg Mason Partners anticipates entering into a Sub-Adviser Agreement with each of the following Legg Mason Sub-Advisers whereby such entities will provide investment management services to LMP Contracted Clients:

- Brandywine Global Investment Management, LLC
- ClearBridge Investments, LLC
- Martin Currie Investment Management Limited
- QS Investors, LLC
- RARE Infrastructure (North America) Pty Limited
- Royce & Associates, LLC

Legg Mason Partners may enter into Sub-Adviser Agreements with other Legg Mason investment advisory affiliates as well (any such Legg Mason investment advisory affiliate that enters into a Sub-Adviser Agreement is also referred to as a “Legg Mason Sub-Adviser”). Certain of the Legg Mason Sub-Advisers also may be registered as a commodity pool operator and/or a commodity trading advisor.

In addition to its relationships with Legg Mason Sub-Advisers relating to its institutional investment management business, LMPFA has relationships with various Legg Mason Advisory Affiliates that serve as sub-advisers to one or more Legg Mason Funds. Such affiliates are identified in Item 7 of LMPFA’s Form ADV Part 1, which is available on the SEC’s website at www.adviserinfo.sec.gov.

Our Limited Purpose Broker-Dealer Affiliate

LMPFA has an affiliate, Legg Mason Investor Services, LLC (“LMIS”), which is registered as a limited purpose broker-dealer. LMIS acts as the principal underwriter of the Legg Mason Funds for which LMPFA provides investment management and administrative services and as the placement agent or distributor for certain unregistered funds.

Certain members of LMPFA’s senior management and certain members of Legg Mason Partners’ client service team are registered representatives of LMIS in order to allow them to market registered and unregistered funds in addition to Legg Mason Partners’ institutional separately managed account services. Members of LMPFA’s senior management and Legg Mason Partners’ marketing and client service team do not receive commissions or other sales-based compensation for the sale of registered and unregistered funds.

Commodity Pool Operator Status

In connection with its provision of investment management and administrative services with respect to certain Legg Mason Funds, LMPFA is registered as a commodity pool operator and certain of its management personnel are registered as Associated Persons or Registered Principals with the National Futures Association.

Conflicts of Interest

As described in Item 4 (Advisory Business), the investment advisory services provided by Legg Mason Partners to LMP Contracted Clients consist of providing such clients with access to a wide range of investment management strategies that are available from Legg Mason Sub-Advisers and performing the general oversight of Legg Mason Sub-Advisers described in Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss) and the additional periodic account reviews described in Item 13 (Review of Accounts). The decision to select a particular investment strategy and Legg Mason Sub-Adviser is in all cases made by the LMP Contracted Client. Accordingly, Legg Mason Partners does not view itself as having a conflict of interest in furnishing such investment advisory services to LMP Contracted Clients even though the investment advisory fee that will be paid by the LMP Contracted Client, as well as the portion of such fee that will be retained by Legg Mason Partners after compensating the applicable Legg Mason Sub-Adviser, will vary depending on which investment strategy and Legg Mason Sub-Adviser are selected by the LMP Contracted Client.

As part of the account establishment process, Legg Mason Partners' client service representatives may have a conflict of interest in working with institutional clients to select an investment strategy and Legg Mason Sub-Adviser for a LMP Contracted Account due to the fact that the investment advisory fee that will be paid by the LMP Contracted Client, as well as the portion of such fee that will be retained by Legg Mason Partners after compensating the applicable Legg Mason Sub-Adviser, will vary depending on which investment strategy and Legg Mason Sub-Adviser are selected by the LMP Contracted Client. Legg Mason Partners addresses this conflict of interest through the maintenance of supervisory and compliance policies and procedures that require that marketing and client service personnel either: (i) limit their dealings with clients and potential clients to furnishing information about available investment strategies and Legg Mason Sub-Advisers, or (ii) provide clients and potential clients with recommendations concerning available investment strategies and Legg Mason Sub-Advisers that are consistent with the client's investment objectives, risk tolerance, investment time horizon and other relevant factors and the expertise and investment style of the recommended Legg Mason Sub-Adviser(s).

In addition, the incentive compensation that Legg Mason Partners pays to individual members of its client service team is not based exclusively on the investment management revenues generated for Legg Mason Partners by such members, but rather takes into account a variety of additional factors, including:

- the overall profitability of Legg Mason Global Distribution (the Legg Mason unit of which the client service team is a part);
- management's qualitative assessment of the individual's contribution to the growth and retention of Legg Mason Global Distribution's overall business;
- management's qualitative assessment of the individual's performance in the delivery of value-added relationship management services to clients; and
- to the extent applicable, management's qualitative assessment of the individual's execution of his or her business management responsibilities.

Legg Mason Partners believes that its approach to compensating members of its client service team helps to mitigate conflicts of interest that such members may have in providing information and recommendations to clients and prospective clients concerning available investment strategies and Legg Mason Sub-Advisers.

Affiliated Indexes

LMPFA provides investment management services to exchange traded funds (“ETFs”) based on indexes developed, owned, and managed by certain of the Legg Mason Sub-Advisers (each, an “Affiliated Index”). The ETFs for which LMPFA acts as investment adviser, and a Legg Mason Sub-Adviser acts as sub-adviser (“Affiliated Index ETFs”), seek to track the performance of a particular Affiliated Index. LMPFA and/or the Legg Mason Sub-Advisers may, from time to time, manage other funds or accounts that invest in these Affiliated Index ETFs. In the future, LMPFA and/or the Legg Mason Sub-Advisers may manage client accounts, including LMP Contracted Accounts, that track the same Affiliated Indexes or which are based on the same, or substantially similar, strategies as the Affiliated Index.

The operation of the Affiliated Indexes, the Affiliated Index ETFs, and other accounts LMPFA or the Legg Mason Sub-Advisers manage in this manner, including LMP Contracted Accounts, may give rise to potential conflicts of interest. For example, any accounts managed by LMPFA or the Legg Mason Sub-Advisers that seek to track the same Affiliated Indexes, including LMP Contracted Accounts, may engage in purchases and sales of securities at different times. These differences may result in the certain accounts having more favorable performance relative to that of the Affiliated Index or other accounts that seek to track the Affiliated Index. Other potential conflicts include, among others, the potential for unauthorized access to Affiliated Index information, allowing Affiliated Index changes that benefit LMPFA or the Legg Mason Sub-Advisers, or other accounts managed by LMPFA or the Legg Mason Sub-Advisers, and not the clients in the accounts seeking to track the Affiliated Index.

LMPFA and the Legg Mason Sub-Advisers have adopted a series of policies and procedures as well as other controls that are designed to address potential conflicts that may arise in connection with the operation of the Affiliated Indexes, Affiliated Index ETFs, and other accounts, including a policy requiring the holdings of an ETF to be publicly disclosed on a daily basis and a policy to prevent the misuse of material non-public information.

To the extent it is intended that an account (other than the Affiliated Index ETFs) managed by LMPFA or a Legg Mason Sub-Adviser, including a LMP Contracted Account, track an Affiliated Index, the account’s performance and/or holdings may not match those of the Affiliated Index, and may vary substantially from those of such index for any period of time for reasons including, but not limited to, the account’s investment guidelines, restrictions, liquidity requirements or cash inflows. The Legg Mason Sub-Advisers are not obligated to license the Affiliated Indexes to clients or other third-parties.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

As part of an overall internal compliance program, LMPFA has adopted a code of ethics (“Code of Ethics”) and other related policies and procedures (“Related Policies”). The Code of Ethics and Related Policies are based on the principle that LMPFA owes a fiduciary duty to its clients. The Code of Ethics emphasizes that LMPFA employees and supervised persons must avoid activities, interests and relationships that might (i) present a conflict of interest or the appearance of a conflict of interest with LMPFA’s clients, or (ii) otherwise interfere with LMPFA’s ability to make decisions in the best interests of the firm’s clients. The Code of Ethics and Related Policies impose standards of business conduct, including requirements to put client interests first and to not take inappropriate advantage of employment-related information. The Code of Ethics and Related Policies are intended to mitigate or obviate potential conflicts of interest between LMPFA’s employees and supervised persons and LMPFA’s clients and assure compliance with applicable laws and regulations.

Personal Trading

Investment and trading activities by LMPFA employees in the same securities held by LMPFA client accounts may create conflicts of interest, or potential conflicts of interest, between LMPFA’s employees and LMPFA’s investment advisory clients. Such conflicts or potential conflicts could include:

- using knowledge of open, executed or pending portfolio transactions in a client account, including a Legg Mason Fund or a LMP Contracted Account, or in a LMP Serviced Account to profit from the market effect of such transactions; and
- using knowledge of portfolio holdings in a Legg Mason Fund to engage in a short-term trading strategy involving such Legg Mason Fund.

The Code of Ethics includes Policies and Procedures on Personal Trading Activities (“Personal Trading Policy”). The Personal Trading Policy is intended to mitigate or obviate potential conflicts of interest between LMPFA’s employees and LMPFA’s investment advisory clients with respect to personal trading activities of LMPFA employees.

Key elements of LMPFA’s Personal Trading Policy include the following:

- Employees and supervised persons are prohibited from making a purchase or sale of a security at a time when they are in possession of nonpublic information to the effect that a Legg Mason Advisory Affiliate is or may be considering a purchase or sale of such security.
- Employees and supervised persons are prohibited from engaging in securities transactions that involve the use of nonpublic knowledge of the portfolio holdings of a Legg Mason Fund to engage in any short-term or other trading strategy involving such fund.
- Employees and supervised persons are subject to a 60 day holding period with respect to their purchase of shares of a Legg Mason Fund.

- Investment in initial public offerings (IPOs) or other new issues or in private placements by employees and supervised persons requires the pre-approval of the Legg Mason Compliance Department.
- Subject to certain exceptions, employees and supervised persons must effect personal securities transactions through brokerage firms which have agreed to forward information regarding the transactions to LMPFA's Compliance Department.

In addition to the Personal Trading Policy, LMPFA and Legg Mason Advisory Affiliates maintain Informational Barrier policies and procedures that restrict or limit access by LMPFA and its employees and supervised persons to information relating to the investment intentions, activities, transactions and portfolio holdings of Legg Mason Funds and other client accounts managed by Legg Mason Advisory Affiliates.

A Legg Mason Sub-Adviser or Legg Mason Advisory Affiliate may treat LMPFA employees and supervised persons who have access to information concerning the transactions and portfolio holdings in a LMP Contracted Account or a LMP Serviced Account as being subject to the requirements of such affiliate's own code of ethics and personal trading policy. Please refer to Item 11 (Code of Ethics, Participation or Interest in Client Transactions and Personal Trading) of the applicable Legg Mason Sub-Adviser's Form ADV Part 2A brochure for a description of the Legg Mason Sub-Adviser's code of ethics and personal trading policy.

Gifts and Entertainment; Political Contributions and Outside Business Activities

The Code of Ethics and Related Policies also include provisions that address situations where the potential for conflicts exist. These include:

- Reporting of all gifts and entertainment exchanged between employees and external business partners, including clients, consultants, brokers, and vendors.
- Limits on the type, frequency, and value of business gifts and entertainment given or received by our employees.
- Pre-clearance and reporting of all political contributions made by employees.
- Reporting of all outside business activities that may be in conflict with an employee's job responsibilities and/or duty to clients.

Employee Reporting and Certification

All employees are required to report their personal securities accounts, transactions and holdings to the Legg Mason Compliance Department upon employment and to certify to the completeness of the information and their compliance with the Code of Ethics on an annual basis.

How to Obtain a Copy of the Code of Ethics

Existing and prospective clients of Legg Mason Partners may obtain copies of the Code of Ethics by mailing a written request for such document to:

Legg Mason Partners Fund Advisor, LLC
620 8th Avenue, New York, NY 10018
Attention: Compliance Department

Item 12 - Brokerage Practices

Legg Mason Partners does not place trades on behalf of client accounts and does not select or recommend broker-dealers for client transactions. The applicable Legg Mason Sub-Adviser is responsible for selecting broker-dealers for client transactions and for placing trades on behalf of LMP Contracted Accounts. Please refer to Item 12 (Brokerage Practices) of the applicable Legg Mason Sub-Adviser's Form ADV Part 2A brochure for a description of the Legg Mason Sub-Adviser's brokerage practices.

Item 13 - Review of Accounts

General

LMP Contracted Accounts are reviewed both by the applicable Legg Mason Sub-Adviser and by Legg Mason Partners.

Account Reviews by Legg Mason Sub-Advisers

Please refer to Item 13 (Review of Accounts) of the applicable Legg Mason Sub-Adviser's Form ADV Part 2A brochure for a description of the Legg Mason Sub-Adviser's account review practices and processes.

Account Reviews by Legg Mason Partners

Legg Mason Partners maintains an Account Review Committee that reviews LMP Contracted Accounts on a quarterly basis. The Account Review Committee is comprised of: LMPFA's Chief Executive Officer, LMPFA's CCO, and the head of Legg Mason Partners' client service team (or each of their respective designees). The primary goal of such reviews is to confirm that each LMP Contracted Account is being managed by the applicable Legg Mason Sub-Adviser in accordance with the investment strategy selected by the client and the Investment Guidelines applicable to the account. A key area of focus is the LMP Contracted Account's performance relative to the performance of applicable benchmarks, the performance of other client accounts managed by the applicable Legg Mason Sub-Adviser in the same strategy, and the performance of peer group managers. The quarterly reviews also look at a LMP Contracted Account's portfolio holdings and transactions to confirm that they are in compliance with applicable Investment Guidelines. The Account Review Committee utilizes the services of the Legg Mason Compliance Department to assist it with quarterly account reviews, particularly as they relate to confirming that accounts have been managed in accordance with applicable Investment Guidelines. Any issues or concerns identified by the Account Review Committee are discussed with the applicable Legg Mason Sub-Adviser.

Reports

LMP Contracted Clients will receive written and/or online reports regarding their LMP Contracted Accounts from the applicable Legg Mason Sub-Adviser. Please refer to Item 13 (Review of Accounts) of the applicable Legg Mason Sub-Adviser's Form ADV Part 2A brochure for a description of the content and frequency of such reports. Clients are urged to compare the custodial account statements they receive from their custodians with any written and/or online reports concerning their LMP Contracted Account received from Legg Mason Sub-Adviser.

Legg Mason Partners does not currently, but may in the future, furnish separate written reports to clients. However, as part of the value-added relationship management services provided by Legg Mason Partners, a Legg Mason Partners' client service representative will liaise with a LMP Contracted Client and the applicable Legg Mason Sub-Adviser to address and resolve any questions or issues that such client may have concerning the written and/or online reports the client receives from the applicable Legg Mason Sub-Adviser.

Client Communication

Legg Mason Partners' client service team engages in meetings and discussions with LMP Contracted Clients on a periodic and as-requested basis concerning the management and

performance of LMP Contracted Accounts and the Legg Mason Sub-Advisers' investment strategies. More formal discussions and meetings typically include participation by a representative of the applicable Legg Mason Sub-Adviser.

Item 14 - Client Referrals and Other Compensation

No Economic Benefits from Non-Clients

Legg Mason Partners does not receive economic benefits from anyone who is not a client in connection with the advisory services it provides to LMP Contracted Accounts.

As noted in Item 4 (Advisory Business), Legg Mason Partners is paid a service fee by the applicable Legg Mason Advisory Affiliate for providing relationship management services on behalf of such affiliate with respect to LMP Serviced Accounts. LMP Serviced Accounts are investment advisory clients of the applicable Legg Mason Advisory Affiliate, but, unlike LMP Contracted Accounts, are not investment advisory clients of Legg Mason Partners.

No Referral Arrangements with Third Parties

Legg Mason Partners currently does not have any arrangements pursuant to which it compensates any person or entity who is not a supervised person of Legg Mason Partners or LMPFA for referring clients to, or soliciting clients on behalf of, Legg Mason Partners or LMPFA.

Relationships with Consulting Firms and Other Intermediaries

While Legg Mason Partners currently does not compensate third parties for client referrals, Legg Mason Partners may have relationships with certain consulting firms and other intermediaries. For example, Legg Mason Partners may, from time to time, purchase products or services, such as investment manager performance data, from consulting firms. In addition, Legg Mason Partners may from time to time, pay a fee for inclusion of information about the firm in databases maintained by certain third-party data providers that in turn make such information available to their investment consultant clients. Legg Mason Partners also may provide cash or non-cash support for educational, training, marketing and other events sponsored by consulting firms and other intermediaries, subject to internal policies and regulatory restrictions. The payments and benefits described in this paragraph could give the firms receiving them and their personnel an incentive to favor Legg Mason Partner's investment advisory and management services over those of firms that do not provide the same payments and benefits.

Item 15 - Custody

Physical Custody

Legg Mason Partners does not take physical custody of client assets. LMP Contracted Clients typically retain their own custodians under arrangements negotiated independently between them and their custodians.

Deemed Custody

Although Legg Mason Partners does not have possession of LMP Contracted Clients' assets, under SEC rules Legg Mason Partners may be deemed to have custody of a LMP Contracted Client's assets if an affiliate is deemed to have custody of them or if Legg Mason Partners, the applicable Legg Mason Sub-Adviser or another affiliate has the authority, pursuant to the investment advisory or investment management agreement between the client and Legg Mason Partners, to deduct Legg Mason Partners' management fee directly from the client's custodial account by directly invoicing the custodian. In the latter circumstance, Legg Mason Partners seeks to confirm that the custodian sends the client an account statement at least quarterly.

Custodial Statements

LMP Contracted Clients are urged to compare the custodial account statements they receive from their custodians with statements they receive from the Legg Mason Sub-Advisers.

Item 16 - Investment Discretion

Discretionary Authority; Delegation to Legg Mason Sub-Advisers

Legg Mason Partners requires each client to enter into written investment management agreements that set forth the terms of the investment advisory relationship between Legg Mason Partners and the LMP Contracted Client. Under these agreements, Legg Mason Partners generally has discretionary authority to determine the securities to be bought and sold for the LMP Contracted Account and to place securities trades on behalf of such account. As described in Item 4 (Advisory Business), Legg Mason Partners delegates such investment and trading discretionary authority to the applicable Legg Mason Sub-Adviser that is responsible for the investment strategy selected by the LMP Contracted Client pursuant to a Sub-Adviser Agreement.

Limitations on Discretionary Authority

Legg Mason Partners' discretionary authority, and the authority of the applicable Legg Mason Sub-Adviser to which Legg Mason Partners delegates discretionary authority, typically is subject to Investment Guidelines referenced or set forth in the investment advisory or management agreement. As described in Item 4 (Advisory Business – Customization), Investment Guidelines may include, without limitation, restrictions or limitations on the types of issuers, securities or instruments in which an account's assets may be invested, percentage limitations on the portion of an account's assets that may be invested in securities of a particular issuer, industry, sector or country, and risk exposure requirements and limitations.

Item 17 - Voting Client Securities

Legg Mason Partners does not vote proxies with respect to securities held in LMP Contracted Accounts. The applicable Legg Mason Sub-Adviser is responsible for voting proxies with respect to securities held in LMP Contracted Accounts. Please refer to Item 17 (Voting Client Securities) of the applicable Legg Mason Sub-Adviser's Form ADV Part 2A brochure for a description of the Legg Mason Sub-Adviser's proxy voting policies and procedures.

Item 18 - Financial Information

Not applicable.