



**ClearBridge Investments, LLC
Advisory Brochure**

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This brochure provides information about the qualifications and business practices of ClearBridge Investments, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 805-2000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about ClearBridge Investments, LLC is available on the SEC's website at www.adviserinfo.sec.gov. Investment adviser registration does not imply a certain level of skill or training.

STATEMENT OF MATERIAL CHANGE

No material changes have been made to this brochure since the last annual update dated June 28, 2018. While there are no material changes to report, the following update has been made to the brochure:

- Item 5 has been updated to reflect fee changes for certain products and the removal of some products.

Item 3

TABLE OF CONTENTS

Item 1	Cover Page	1
Item 2	Statement of Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation	5
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	20
Item 10	Other Financial Industry Activities and Affiliations	20
Item 11	Code of Ethics, Participation in Client Transactions and Personal Trading	22
Item 12	Brokerage Practices	23
Item 13	Review of Accounts	28
Item 14	Client Referrals and Other Compensation	29
Item 15	Custody	29
Item 16	Investment Discretion	30
Item 17	Voting Client Securities	31
Item 18	Other Financial Information	32
Appendix A		33

Item 4

ADVISORY BUSINESS

OUR FIRM

ClearBridge Investments, LLC ("ClearBridge") is a leading global equity manager committed to delivering long-term results through authentic active management, as we have for more than 50 years, by offering investment solutions that emphasize differentiated, bottom-up stock selection. Owned by Legg Mason, Inc, ClearBridge operates with investment independence from headquarters in New York and offices in Baltimore, London, San Francisco and Wilmington. Our active approach combines the market knowledge of long tenured portfolio managers with the original research of a specialized group of sector and portfolio analysts and the deep diligence of a dedicated risk management team. The firm offers strategies focused on three primary client objectives in our areas of proven expertise: high active share, income solutions and low volatility. We integrate ESG considerations into our fundamental research process across all strategies.

At March 31, 2019, ClearBridge managed approximately \$142 billion of which over \$20 billion consists of non-discretionary models¹.

OUR CLIENTS

ClearBridge provides discretionary investment management services in multiple formats, including institutional and retail separate accounts, mutual funds, both proprietary (as subadviser to various ClearBridge and Legg Mason-branded funds) and as a subadviser to non-proprietary funds (both U.S. and non-U.S.) and to other commingled investment vehicles, including collective investment funds.

Institutional

ClearBridge provides discretionary investment advice to institutions, including pension and profit sharing plans, unions, state and local government entities, insurance companies, trusts, estates, charitable organizations, endowments, family offices and other business entities. All products provided by ClearBridge are available to institutional clients and can be tailored to specific client goals, objectives and time horizons. Many of these strategies are also available in ClearBridge's Environmental, Social and Governance ("ESG") program for clients who wish to exclude from their portfolios certain industries or issuers and in our Sustainability Leaders product which goes beyond passive avoidance and emphasizes companies with certain quality attributes.

Institutional clients can impose restrictions on certain securities or types of securities and structure their investment guidelines to accommodate a variety of client needs. These specific restrictions are usually negotiated with the client.

Private Client

ClearBridge also provides private client separate account investment advisory services directly to clients or through its affiliate, Legg Mason Private Portfolio Group, LLC ("LMPPG"). Private clients may have their accounts invested in a single strategy or in multiple ClearBridge strategies, including taxable and non-taxable fixed income, tailored to a client's specific needs. Private client management allows for the management of one account in multiple investment styles, rebalancing based on client needs, responsiveness to tax considerations and coordination of tax-sensitive selling. Although we generally follow specific investment strategy models, private

¹ ClearBridge's total assets under management at March 31, 2019 were \$142,147,951,983 of which \$20,862,730,314 were non-discretionary models.

clients can have these models modified to meet specific income requirements and restrictions on certain securities and industries. Private clients also enjoy periodic face-to-face meetings and custom periodic reporting.

Wrap Programs

Retail clients may also access ClearBridge's investment advisory services on a sub-advisory basis by entering into agreements with financial firms that retain ClearBridge as a subadviser directly or indirectly through ClearBridge's affiliate, LMPPG. These "wrap fee arrangements," offered by broker-dealers or other financial institutions, can be structured as single contract or dual contract. In a single contract arrangement, the client contracts with the wrap fee sponsor, which pays ClearBridge's fee. In a dual contract arrangement, ClearBridge (or LMPPG) contracts directly with the client for its advisory services. In most wrap-fee arrangements, client-imposed restrictions will be applied if ClearBridge determines that they are reasonably practical as an investment or operational matter.

Information about these products can be found in the joint brochure entitled "ClearBridge/LMPPG Retail Client Brochure."

ClearBridge also provides model portfolios to wrap fee sponsors and other advisers, either on a discretionary or non-discretionary basis. In non-discretionary, model delivery relationships, the sponsor or adviser will exercise discretion and may or may not follow the model ClearBridge provided.

Customization

Although most ClearBridge strategies, including ESG, are available to both retail and institutional clients, some are not. These services/products may only be available in a closed or open-end fund or other commingled vehicle or may have minimum investment requirements that some clients cannot meet. Certain commingled vehicles have regulatory restrictions that prevent retail clients from investing in them or are designed for a specific type of institutional investor such as a pension plan. Also, institutional clients can specify reporting schedules and content and impose more restrictions on their accounts, such as percentage limitations in certain industries or sectors that ClearBridge cannot provide to retail clients.

Item 5

FEES AND COMPENSATION

Fees – How and When Clients Are Billed

Advisory fees for separate accounts, which are generally based on assets under management, are usually billed quarterly and are payable in arrears or as mutually agreed upon with the client. Clients may agree to pay by having their accounts debited by their custodian or by separate invoice.

In the event a client pays ClearBridge fees in arrears and terminates its investment management agreement, the 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 below are solely for the provision of investment advisory services to separate accounts and do not include other fees a client may incur, such as brokerage commissions and mark-ups and mark-downs (see Item 12 for a discussion of our brokerage practices), transfer fees, exchange or similar fees (such as for ADRs), custody and fees charged by other service providers, such as consultants.

Fees for Fund Management

For fees charged by registered open and closed end investment companies advised or subadvised by ClearBridge, please see the appropriate fund prospectus. ClearBridge also manages funds that are not registered under the securities laws and that are only available to qualified purchasers or accredited investors. Fees for those alternative investments range from .70% to 1.25% of assets under management. These funds do not charge incentive fees.

In General

While it is ClearBridge's 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 vary from the schedules provided here to reflect circumstances that may apply to a specific client account. For example, fees may differ from those stated because of long-standing relationships, anticipated client additions to assets under management, changing market conditions, or for other reasons. Account minimums may be waived for similar or other reasons.

From time to time, ClearBridge may also charge performance-based advisory fees to qualified clients, the terms of which are negotiated between us and the client, but in all events, such arrangements shall comply with the applicable provisions under the Investment Advisers Act of 1940 ("Advisers Act").

Institutional Account Fee Schedule

Each of the institutional strategies listed below has a \$5 million minimum account size which may be waived under certain circumstances.

U.S. Strategies	Account Asset Value	Annual Fee
• Aggressive Growth	First \$25 million	0.75%
• Aggressive Growth ESG	Next \$25 million	0.65%
• All Cap Growth	Next \$50 million	0.55%
• All Cap Growth ESG	Above \$100 million	0.45%
• All Cap Value		
• All Cap Value ESG		
• Multi Cap Growth		
• Multi Cap Growth ESG		
• Appreciation	First \$25 million	0.65%
• Appreciation ESG	Next \$25 million	0.55%
• Dividend Strategy	Next \$50 million	0.45%
• Dividend Strategy ESG	Above \$100 million	0.40%
• Large Cap Growth		
• Large Cap Growth ESG		
• Large Cap Value		
• Large Cap Value ESG		
• Value Equity		
• Mid Cap	First \$25 million	0.75%
• Mid Cap Growth	Next \$25 million	0.65%
	Next \$50 million	0.55%
	Above \$100 million	0.45%

U.S. Strategies	Account Value	Annual Fee
• Small Cap	First \$25 million	0.85%
• Small Cap Growth	Next \$25 million	0.80%
• Small Cap Value	Next \$50 million	0.75%
• SMID Cap Growth	Above \$100 million	0.65%
• Convertible Securities	First \$25 million	0.60%
	Next \$25 million	0.55%
	Above \$50 million	0.50%
• Energy MLPs	First \$25 million	0.90%
• Tactical Dividend Income	Next \$25 million	0.80%
	Above \$50 million	0.75%
• Healthcare Innovations	First \$25 million	0.75%
	Next \$25 million	0.65%
	Above \$50 million	0.60%
• Disciplined Contrarian	First \$25 million	0.70%
• Focused Growth	Next \$25 million	0.60%
	Next \$50 million	0.50%
	Above \$100 million	0.45%
• Select	Flat Fee	0.95%
• Sustainability Leaders	First \$25 million	0.65%
	Next \$25 million	0.55%
	Above \$50 million	0.45%

Non-U.S. & Global Strategies	Account Asset Value	Annual Fee
• International Value	First \$25 million	0.80%
• International Value ESG	Next \$25 million	0.75%
• International Value ADR	Next \$50 million	0.70%
• International Value ADR ESG	Above \$100 million	0.60%
• International Growth		
• International Growth ESG		
• International Growth ADR		
• International Growth ADR ESG		
• Global Value	First \$25 million	0.75%
• Global Growth	Next \$25 million	0.70%
• Global Value ADR	Next \$50 million	0.65%
	Above \$100 million	0.60%
• International Small Cap	First \$25 million	1.00%
	Next \$25 million	0.90%
	Next \$50 million	0.80%
	Above \$100 million	0.70%

Item 6

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Performance-Based Fees and Conflicts of Interest

ClearBridge generally charges fees based on assets under management but may enter into arrangements that allow for it to receive fees that are based on a share of the capital gains or capital appreciation of the assets of an account. Alternatively, ClearBridge may receive a fulcrum fee for the management of a registered fund. In a fulcrum fee arrangement, ClearBridge's performance is measured against an index of securities and the fee increases or decreases proportionately with such performance.

Performance-based fee arrangements may create an incentive for ClearBridge or its portfolio managers to favor accounts with higher fees in the allocation of investment opportunities, especially those of limited availability.

Other Conflicts Created By Side-By-Side Management

Other types of side-by-side management can cause conflicts of interest. For instance, ClearBridge and its employees, including its portfolio managers, research analysts and traders, may have significant interests in certain accounts managed by ClearBridge, including some of the unregistered funds referenced in Item 4 above. A ClearBridge employee's interest may be a direct ownership interest in the fund (or a fund that invests in the fund or a separate account) or an indirect interest in the fund, for example as a participant in a deferred compensation plan that invests in the fund (or a fund that invests in the account). The interests of ClearBridge and its employees in a fund or separate account may constitute all or substantially all of the assets of that fund/account. The interests of ClearBridge and its employees in these funds/accounts, which are generally treated as client accounts,

may present a conflict of interest for ClearBridge and its employees in allocating investment opportunities among such funds/accounts and other client accounts.

On occasion, ClearBridge and/or its parent, Legg Mason, may invest corporate money or, as with the case of deferred compensation, certain employees' deferred compensation, in one or more vehicles that it has "seeded" to establish a performance track record for a new strategy. These accounts are managed as client accounts and are subject to the same compliance oversight and testing as all other accounts to ensure they are not given favorable treatment because they contain insiders' money.

How We Address the Conflicts

To manage these potential conflicts of interest, ClearBridge has adopted policies and procedures to ensure that all investment opportunities are allocated equitably to clients. ClearBridge's Compliance Department monitors the allocation of investment opportunities on a daily basis, usually before the trade has been executed. Furthermore, to the extent possible, orders for accounts are aggregated and executions are allocated without consideration of client fee structure or ownership components. Compliance also reviews these allocations daily, as well as all investments in initial public offerings to ensure they comply with our policies. In addition, performance dispersion among similarly managed accounts is reviewed by Compliance on a quarterly basis.

Short Sales

Finally, ClearBridge may engage in short sale transactions on behalf of certain client accounts, including certain commingled investment vehicles. ClearBridge's policies prohibit a portfolio manager from engaging in short sale transactions on behalf of one or more client accounts with respect to any security held long by such portfolio manager on behalf of any other client accounts, although other portfolio managers may engage in transactions in said security.

Item 7

TYPES OF CLIENTS

ClearBridge manages separate accounts for both institutional and retail clients. Institutional clients include corporate and government pension funds, state and local governments, endowments, foundations, family offices, insurance companies and trusts. The minimum investment in institutional accounts is generally \$5 million.

ClearBridge also acts as adviser or subadviser to the ClearBridge Funds which are part of the Legg Mason family of mutual funds. These funds are predominately sold through intermediaries, including broker-dealers, registered investment advisers and banks. ClearBridge also acts as subadviser to four proprietary closed-end funds whose shares trade on the New York Stock Exchange and three proprietary actively-managed exchange-traded funds ("ETFs"), which are traded on the NASDAQ. ClearBridge also acts as subadviser to non-proprietary funds. In addition, ClearBridge subadvise offshore funds which are offered and sold by some of its offshore affiliates.

Clients may access certain ClearBridge strategies through private funds, including the ClearBridge Group Trust and the ClearBridge Investment Trust. In order to do so, clients must meet certain qualifications and be either qualified purchasers or accredited investors. Account minimums are generally \$1 million.

ClearBridge also manages separate accounts on behalf of high net worth individuals ("private clients"), either directly or through financial institution intermediaries. Private client account minimums are generally \$1 million.

Finally, ClearBridge participates as either a discretionary or non-discretionary manager in many wrap fee

programs, usually through its affiliate, LMPPG. Account minimums are set by the wrap fee sponsors, although they are generally at least \$50,000. Information about these products can be found in the brochure entitled "ClearBridge/LMPPG Retail Client Brochure."

Item 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Our Methods of Analysis

ClearBridge maintains a centralized research group that supports the portfolio management function. ClearBridge performs research on an ongoing basis for the maintenance of existing investments, and to identify new investment opportunities. Research materials are shared among ClearBridge's analysts and portfolio managers through a common technology platform, providing simultaneous access to past and current proprietary research as well as aggregated market intelligence from outside sources.

Both internally generated research and externally generated research are available to ClearBridge's portfolio managers. The sources of information on which internal research may be based include, but are not limited to:

- Meetings with company managements
- Public company filings (10Ks, 10Qs, 8Ks, etc.)
- On-site company visits
- Services such as FactSet, Bloomberg, etc.
- Third-party research

External research may include research from across the spectrum of sell-side financial industry firms, as well as research and expertise from research boutiques and other firms. In addition, depending on the topic, ClearBridge may obtain external research such as proprietary surveys, industry-specific legal advice and other specialized research services from consultants. ClearBridge may also obtain external research from independent research institutes and established think tanks.

The portfolio managers utilize the fundamental research analysts who integrate industry and company-specific ESG analysis and engage with company management regarding the extent to which they promote best practices on ESG issues.

ClearBridge's portfolio managers each have their own distinct investment processes and priorities when managing client portfolios, but they all share a fundamental approach to security selection and valuation analysis. The investment teams employ various methods of analysis, which may include charting, cyclical, fundamental, technical and quantitative modeling.

OUR INSTITUTIONAL INVESTMENT STRATEGIES

The following are ClearBridge's investment strategies followed by a discussion of risks. All investments carry the risk of loss of principal.

Aggressive Growth

Our Aggressive Growth strategy seeks long-term capital appreciation by investing in stocks of companies the portfolio managers believe have the potential for above-average long-term earnings and/or cash flow growth. The strategy invests primarily in common stocks of companies the portfolio managers believe are experiencing, or will experience, growth in earnings exceeding the average rate of earnings growth of companies which comprise the S&P 500 Index. The portfolio managers focus primarily on emerging growth companies that have passed their "start-up" phase, show positive earnings, and the prospect of achieving significant profit gains two to three years after the strategy acquires their stocks.

All Cap Growth

Our All Cap Growth strategy seeks long-term capital appreciation by investing in a diversified portfolio of large, mid and small capitalization stocks the portfolio managers believe have substantial growth potential. While most investments are in U.S. companies, the portfolio managers may also invest in ADRs and U.S. -traded ordinary shares of non-U.S. companies in developed and emerging markets.

All Cap Value

Our All Cap Value strategy seeks to achieve growth of capital by investing in stocks of varying capitalizations, which offer long-term investment value and deliver above-average returns while also providing downside protection. The portfolio managers apply value criteria to attempt to find the most inefficiently priced stocks in the small, mid, and large capitalization sectors.

Appreciation

Our Appreciation strategy seeks long-term capital appreciation by investing primarily in core portfolios of quality large capitalization companies, although the portfolio managers may also invest client accounts in selected mid and small capitalization companies. Investments generally include companies the portfolio 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 portfolio managers believe are either unrecognized or undervalued by the market.

Convertible Securities

Our Convertible Securities strategy seeks total return through a combination of current income and capital appreciation primarily through investment in convertible securities. At least 80% of managed assets are invested in a diversified portfolio of convertible securities. These are either bonds or preferred shares which may be converted into common stock or other equity interests of an issuer at a predetermined rate or price. In addition, significant investments may be made in equity securities, warrants or debt securities that are not convertible.

Dividend Strategy

Our Dividend Strategy mandate seeks dividend income, growth of dividend income, and long-term capital appreciation. The portfolio managers invest primarily in equity and equity-related securities, which may include common stocks, convertibles and preferred stocks, that either pay an existing dividend or that they expect will pay a dividend in the near future.

Focused Growth

Our Focused Growth strategy seeks long-term capital growth by investing primarily in a concentrated portfolio of 25 to 30 large cap growth companies which are defined as companies with market capitalizations of \$10 billion or more. The portfolio managers invest in leadership companies where they believe the market price underestimates the magnitude of future growth.

Healthcare Innovations

Our Healthcare Innovations strategy seeks to provide long-term capital appreciation by investing in securities issued by medical, healthcare and therapeutics companies with growth potential. The portfolio managers will invest in companies involved in the research, development, production, marketing, distribution, sales and payment of products and services related to healthcare and the life sciences. These companies include, but are not limited to those in the pharmaceutical, biotechnology, medical device products and healthcare services industries. Investments may be made in equity securities of U.S. and non-U.S. companies that the portfolio managers believe may have superior cash flows over time and economic returns relative to their risk-adjusted valuations. Investments in non-U.S. companies may include companies in emerging markets countries.

Global Growth

Our Global Growth strategy seeks long-term growth of capital through investment in common stocks of U.S. and non-U.S. companies in both developed and emerging markets. The portfolio managers employ a research process centered on valuation, high active share and a long-term investment horizon. The strategy invests in companies that the portfolio managers believe will offer above average growth potential and trade at a discount to the portfolio managers' assessment of their intrinsic value.

Global Value

Our Global Value strategy seeks to provide a value-based, global equity strategy that will outperform the MSCI World Index (net) over a full market cycle of 3-5 years. Investments are made from a universe of approximately 6,500 U.S. and non-U.S. publicly traded securities with a market capitalization greater than \$100 million. The portfolios typically invest in securities from developed and emerging markets diversified across both market sectors and capitalizations.

International Small Cap

Our International Small Cap strategy seeks long-term growth of capital by investing in value-based, international small capitalization equities. Investments are made from a universe of approximately 8,000 non-U.S. publicly traded securities with a market capitalization between \$100 million and \$3 billion. The portfolios typically invest in securities from developed and emerging markets diversified across market sectors.

International Value

Our International Value strategy seeks total return on its assets from growth of capital. Investments are made from a universe of approximately 5,000 non-U.S. publicly traded securities with a market capitalization greater than \$100 million. The portfolios typically invest in securities from developed and emerging markets diversified across both market sectors and capitalizations.

International Growth

Our International Growth strategy seeks long-term capital appreciation and consistently superior returns versus its index by investing primarily in the stock of companies believed to have above-average potential for growth in revenue, earnings, cash flow or other similar criteria. Investments are made outside the U.S. including across developed and emerging markets in Canada, Europe, Asia, Australia, Central and Latin America and Africa. The portfolio managers evaluate foreign markets around the world and choose large, mid and small capitalization companies considered to have above-average growth potential.

International Value ADR

Our International Value ADR strategy seeks total return on its assets from growth of capital. Investments are made from the universe of 5,000 international companies with ADRs listed on the major U.S. exchanges that have market capitalizations greater than \$100 million. The portfolios typically invest in securities from developed and emerging markets diversified across both market sectors and capitalizations.

International Growth ADR

Our International Growth ADR strategy employs a long-term, bottom-up approach, using proprietary and independent research. The portfolio managers seek long-term growth of capital by investing in well-managed businesses whose intrinsic value does not appear to be recognized by the markets. The portfolio managers invest at least 80% of a portfolio's assets in larger companies they believe have strong balance sheets and good management then complement these core holdings with investments in smaller, less well-known companies that they believe offer unique products or services or have strong niche positions locally or globally. Investments are primarily in ADRs, but may also be in U.S.-traded stocks of non-U.S. and U.S. companies engaged in significant non-U.S. business and may be in emerging markets as well as developed markets.

Large Cap Growth

Our Large Cap Growth strategy seeks consistent growth of capital while minimizing volatility. It seeks to outperform the Russell 1000 Growth Index over a full market cycle and perform well in rising markets while outperforming the Russell 1000 Growth Index in declining markets.

Large Cap Value

Our Large Cap Value strategy seeks long-term capital appreciation by employing fundamental research in an effort to identify securities with favorable return characteristics. The portfolio management team constructs the accounts on a bottom-up basis by considering a number of variables such as business fundamentals, valuation, free cash flow generation, earnings growth, management quality and competitive positioning.

Mid Cap

Our Mid Cap strategy seeks long-term growth of capital and consistently superior returns relative to the Russell Midcap Index. To pursue these objectives, the portfolio managers invest in medium capitalization equity securities using a disciplined process combining quantitative and fundamental analysis. The portfolio managers seek out companies with the ability to generate strong free cash flow, supportive balance sheets, undervalued earnings potential and/or management teams that demonstrate capital discipline.

Mid Cap Growth

Our Mid Cap Growth strategy seeks long-term appreciation and consistently superior returns relative to the Russell Midcap Growth Index. The portfolio managers pursue these objectives by investing in a concentrated group of stocks selected for their long-term growth potential.

Multi Cap Growth

Our Multi Cap Growth strategy seeks long-term capital appreciation by investing in the stocks of companies the portfolio managers believe have the potential for above-average long-term earnings and/or cash flow growth. The portfolio managers invest in companies across the market cap spectrum and may concentrate investments in individual issuers and industries they believe have the potential for growth in excess of that expected for the market as a whole.

Select

Our Select strategy seeks long-term growth of capital by taking an unconstrained approach to investing with an emphasis on equity securities and equity-related securities of U.S. and non-U.S. companies. The strategy has no geographic limits and may invest in issuers of any market capitalization. The strategy takes a more focused approach of investing resulting in a more concentrated portfolio. The strategy may enter into short positions and may invest in various types of derivatives either as a hedging technique, as a substitute for buying or selling securities, as a cash-flow management technique or as a means of enhancing returns.

Small Cap

Our Small Cap strategy seeks long-term capital appreciation. The portfolio managers invest primarily in equity securities of small capitalization companies. The portfolio managers may also make limited investments in mid-sized companies. The portfolio managers follow a value discipline in selecting securities and seek to purchase securities at discounts to their assessment of the companies' intrinsic value.

Small Cap Growth

Our Small Cap Growth strategy seeks long-term growth of capital. The portfolio managers select investments using a growth-oriented investment style that emphasizes small companies believed to have one or more positive investment attributes. These attributes may include superior management teams, good prospects for growth, dominant positions in a niche market or large company customers, and strong or improving financial conditions, as well as other positive investment attributes.

Small Cap Value

Our Small Cap Value strategy seeks long-term capital growth and to outperform the Russell 2000 Value Index over a full market cycle. These objectives are pursued by seeking small capitalization stocks that the portfolio managers believe sell at low prices relative to multiple measures of value and have price appreciation potential based on an anticipated dynamic company or industry change.

SMID Cap Growth

Our SMID Cap Growth strategy seeks long-term capital appreciation and consistently superior returns versus the Russell 2500 Growth Index. The Portfolio will pursue its investment objective by investing in a concentrated, non-diversified group of stocks selected for their long-term growth potential. The strategy will invest at least 80% of its assets in the securities of small and medium sized companies as defined by the market capitalization range of the Russell 2500 Growth Index.

Tactical Dividend Income

Our Tactical Dividend Income strategy seeks to generate high current income, with capital appreciation as a secondary objective by investing in a diversified portfolio of equity and equity-related securities, including common stocks, preferred stocks, convertible securities, master limited partnerships, real estate investment trusts, closed-end funds, including business development companies and royalty trusts.

Value Equity

Our Value Equity strategy seeks to provide long-term capital appreciation by actively selecting securities the portfolio managers believe are trading at a discount to their intrinsic value. The portfolio managers primarily invest in equity securities of large capitalization companies that they believe are selling significantly below their expected value due to market inefficiencies or uncertainties about the company.

SPECIALIZED PRODUCTS

Energy MLPs

Our Energy MLP strategy seeks to provide a high level of total return with an emphasis on cash distributions. It seeks to achieve its objective by investing primarily in Master Limited Partnerships (MLPs) in the energy sector. The portfolio managers consider MLPs to be in the energy sector if they derive at least 50% of their revenues from the businesses of exploring, developing, producing, gathering, transporting, processing, storing, refining, distributing, mining or marketing natural gas, natural gas liquids (including propane), crude oil, refined petroleum products or coal.

Disciplined Contrarian

Our Disciplined Contrarian strategy seeks long-term capital appreciation and consistently superior returns versus the Russell 3000 Index. The portfolio managers invest in uncrowded stocks that have attractive valuation, momentum and quality characteristics. The portfolio managers believe that market efficiency is compromised when the market loses cognitive diversity in the process of setting asset prices, leading to extreme crowding risks. Their goal is to avoid the crowd in a disciplined manner by selecting stocks with the potential to generate attractive risk-adjusted returns over a multi-year horizon.

ESG INVESTING

Sustainability Leaders

Our Sustainability Leaders strategy seeks long-term capital growth by investing in companies that meet the portfolio managers' financial and sustainability/environmental, social and governance ("ESG") criteria or that they believe are making substantial progress toward becoming a leader in sustainability and ESG policies. The portfolio managers' ESG and sustainability evaluation is integrated into a thorough assessment of investment worthiness based on financial criteria. The portfolio managers consider a sustainable company to be one that (i) offers products and services that have a positive impact on society; and (ii) has well defined strategies in place to ensure longevity as an investment. Sustainability is not limited to environmental stewardship, but also includes a company's policies in regard to treating employees fairly and furthering their professional development, interacting in a positive way within its local community, promoting safety at all times, managing its supply chain responsibly, and employing corporate governance practices that are shareholder friendly and transparent. The fundamental analysts assign a proprietary ESG Rating to each company (e.g., A, AA, AAA) by sector and lead the company engagements for impact assessments.

Other Strategies

We also integrate ESG criteria into our fundamental research and portfolio construction process for the following underlying strategies: Aggressive Growth, All Cap Growth, All Cap Value, Appreciation, Dividend Strategy, International Growth, International Growth ADR, International Value, International Value ADR, Large Cap Growth, Large Cap Value and Multi Cap Growth.

All portfolio candidates for the Sustainability Leaders and other ESG strategies are reviewed by the ClearBridge fundamental research analysts (by sector and portfolio), and by the respective portfolio managers, for their investment attractiveness and ESG characteristics. The sector analysts assign a proprietary ESG Rating to all companies under their coverage and the Ratings are communicated in all research notes. The ESG investment process seeks to employ a best-in-class approach, utilizing proprietary, industry-specific and thematic research supported by the fundamental research analysts. As part of its research and engagement process, the analysts communicate directly with portfolio company managements on a regular basis concerning the company's sustainability strategy and societal impact, as well as with representatives of certain other key company stakeholders. Certain portfolio company candidates may be excluded due to investments in companies that the

sector analysts determine are significantly involved in the manufacture of tobacco and alcohol products, the provision of gaming services, the production of nuclear power, and the manufacture of weapons (investments in other companies may also be excluded based on ClearBridge's proprietary research evaluation). ClearBridge also offers ESG portfolios that incorporate faith-based screens. In addition, we actively vote proxies for portfolio company securities in accordance with ClearBridge's Proxy Voting Policy and Procedures, as supplemented by ClearBridge's ESG Proxy Voting Guidelines.

Clients may request additional, customized social screens for the ESG strategies (such as specific mission-consistent, or faith-based screens, etc.).

Private Client – Fixed Income

In addition to the investment strategies described above, we offer fixed income management for both taxable and non-taxable fixed income investments. Clients generally are able to work with ClearBridge to develop an investment approach that reflects the desired risk/reward profile for the portfolio and other investment preferences. Non-taxable fixed income investments consist of municipal securities. Taxable fixed income investments may include U.S. Government and Agency securities, taxable municipal securities, corporate notes and bonds, commercial paper, planned amortization class collateralized mortgage obligations ("CMOs") and other early-tranche CMOs.

For descriptions of our strategies offered to Private Clients through our affiliate, Legg Mason Private Portfolio Group, LLC and their risks, please see the brochure entitled ClearBridge/LMPPG Retail Client Brochure.

Alternative Investments

ClearBridge also offers alternative investment strategies through private placements to qualified purchasers and/or accredited investors.

Wrap

For descriptions of our strategies offered in wrap programs and their risks, please see the brochure entitled ClearBridge/LMPPG Retail Client Brochure.

Risks

There can be multiple factors that contribute to investment risk and risks vary, depending upon investment strategy. ClearBridge does not guarantee the future performance of a client's account or any specific level of performance. The following are certain important risks that should be considered by clients before investing.

All Investments

- **Risk of Loss:** Investing in securities involves risk of loss, including the risk of loss of principal.
- **Issuer Risk:** Securities may decline in value because of changes in the financial condition of the issuer. An individual security may perform differently than the market as a whole.

Equity Investments

- **Equity Risk:** Investments in equity securities (e.g., common stocks, preferred stocks, convertible securities, right, warrants and depository receipts) are subject to greater price volatility than fixed income securities. Investments in income-producing equities are subject to the risk that the issuer may reduce or discontinue the dividend.

- **Style Risk:** Our strategies reflect different investment styles. Some of our strategies follow a growth strategy; others follow a value strategy while others follow a blend or core strategy. At any point in time, one strategy or another may be in or out of favor with investors which means that the strategy will underperform other investment styles.
- **Concentration Risk:** Some of our strategies can take large positions in a single company and/or invest in fewer companies. Investing in a strategy that holds fewer securities involves greater risk because the poor performance of even one large holding can cause the strategy to significantly underperform the market.
- **Market Capitalization Risk:** Risks may vary depending upon an issuer's market capitalization. Strategies that primarily invest in either large, mid, or small cap stocks take on the risk that one category may be out of favor. The stocks of small and mid cap companies may carry more risks than those of large capitalization companies as their businesses may have less financial resources and their prices are often more volatile. Small and mid cap stocks may underperform larger capitalization companies and their shares may be less liquid and therefore harder to sell.
- **Sector Risk:** A strategy that concentrates its investments in particular sectors will experience greater price volatility and price declines if those sectors fall out of favor.
- **Non-U.S. Securities:** Our strategies usually have investments in securities of non-U.S. issuers. These investments are made in the form of ADRs (American Depositary Receipts), shares of non-U.S. issuers traded in U.S. markets or ordinary shares of non-U.S. companies traded in non-U.S. markets. Investments in non-U.S. securities carry greater risks than those of U.S. securities. Non-U.S. markets may be more volatile and less liquid than U.S. markets, be effected by political and economic instability and there may be less information available about companies and markets than in the U.S. and lower accounting standards and regulatory oversight. Non-U.S. securities are also subject to currency exchange rate fluctuations which may have a negative effect on investments.
- **Emerging Markets:** The risks of foreign investing are increased when investments are made in emerging markets countries. These countries tend to have economic, political and legal systems that are less developed and less stable than those of the U.S. and other developed countries. In addition, securities markets in emerging markets may be relatively illiquid and subject to greater price volatility.
- **Currency Forwards:** Our portfolio managers may try to mitigate the risk of exposure to non-U.S. currencies by buying and selling currency forwards which are binding contracts that lock in the exchange rate for the purchase or sale of a currency on a future date. The risk in transacting in currency forwards is an adverse move in the currency exchange rate.
- **American Depositary Receipts ("ADRs"):** Generally, ADRs, in registered form, are denominated in U.S. dollars and are designed for use in the U.S. securities market. Usually issued by a U.S. bank or trust company, ADRs are receipts that demonstrate ownership of underlying non-U.S. securities. ADRs may be sponsored or unsponsored. Issuers of securities underlying unsponsored ADRs are not contractually obligated to disclose material information in the United States. Accordingly, there may be less information available about such issuers than there is with respect to U.S. companies and non-U.S. issuers of securities underlying sponsored ADRs. As an alternative to purchasing or selling ADRs in the U.S. market, ADRs may be created and purchased or canceled and sold through a custodian bank in the local market for the ADRs underlying non-U.S. securities. The bank usually charges a fee for converting the underlying non-U.S. securities to ADRs (in the case of a purchase) or the ADRs to the underlying non-U.S. securities (in the case of a sale). ADRs that are purchased via such a conversion may have low trading liquidity in the U.S. market and may therefore need to be sold in the local market for the ADRs underlying non-U.S. securities in order to avoid excessive transaction costs that likely would result from selling such ADRs in the U.S. market.

- **Master Limited Partnerships:** MLPs are limited partnerships that are publicly traded and which have the tax benefits of a limited partnership (no taxation at the partnership level, only the limited partner level). Investments in units of MLPs involve different risks. As limited partners, unit holders have limited control and limited voting rights so that if the MLP wants to issue additional units, it may do so without limited partner approval which may result in a dilution to existing unit holders. Finally, there are certain tax risks associated with investments in MLPs.
- **Real Estate Investment Trusts (REITs):** Investments in REITs carry the same risks generally found in investing in equities. In addition, REITs are subject to the risks of the real estate markets as well as the management of the REITs and the underlying properties. Many factors can impact these areas, including national and regional economic conditions.
- **ESG Investing Risk:** A strategy subject to ESG policy guidelines and restrictions could underperform accounts invested in a similar strategy without the same restrictions because the ESG guidelines can force a portfolio manager to avoid or liquidate a well-performing security because it does not meet the ESG criteria.
- **Derivatives Risk:** Using derivatives may have a leveraging effect which may result in a disproportionate increase in losses and reduce opportunities for gains when market prices, interest rates or the derivative instruments themselves behave in a way that is not anticipated. Derivatives can also increase volatility and may be difficult to sell, unwind or value and the counterparty may default on its obligations. Recent legislation calls for new regulation of the derivatives markets. The extent and impact of the regulation is not yet known. New regulation may make derivatives more costly, limit their availability or otherwise adversely affect their value or performance.
- **Short Sales Risk:** If the price of the security sold short increases between the time of the short sale and the time the borrowed security is replaced, a loss will be realized, which may be substantial.
- **Options Risk:** Buying puts and selling calls may reduce a strategy's volatility and provide up-front cash (on a sale of a call) but it also limits a strategy's ability to profit from increases in the market value of its stock holdings. Portfolios can also lose all or a part of the cash paid for buying put options.

Fixed Income Investments

- **Fixed Income Securities Risk:** Fixed Income securities, which include traditional debt issued by corporations, governmental agencies and taxable and tax-exempt debt issued by states and municipalities, are subject to the credit risk of the issuer. Fixed Income securities are also subject to inflation risk because rising costs lower the value of fixed rate debt.
- **Interest Rate Risk:** Fixed Income securities are subject to the risk that they may lose value because of interest rate changes. Generally, as interest rates rise, bonds tend to decrease in value. The longer the duration of a bond or other debt instrument, the greater the interest rate risk.
- **Municipal Securities Risk:** In addition to the risks generally associated with fixed income investing, adverse economic and political changes can negatively affect the municipal securities markets. The reduction of tax revenues may impede a municipality's ability to repay the bond. Municipals may also be callable, i.e., if interest rates decline, the issuer may call the bond so that the investor has to reinvest the proceeds in a lower yielding bond. Also, certain bonds are subject to the Alternative Minimum Tax which may make them less attractive to an investor looking for tax-exempt income. Finally, investors who live in high tax states and seek income that is exempt from state and local taxes take concentration risk.

Item 9

DISCIPLINARY INFORMATION

There are no reportable legal or disciplinary events for ClearBridge or its employees.

Item 10

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

1. Our Limited Purpose Broker-Dealer Affiliate

ClearBridge has an affiliate, Legg Mason Investor Services, LLC ("LMIS"), which is registered as a limited purpose broker-dealer. Its primary purpose is to act as the principal underwriter of several fund families sponsored by Legg Mason and its affiliates and to market retail separate account products to the financial institutions that sponsor wrap programs. In order to enable its portfolio managers and sales team to assist LMIS in marketing ClearBridge products, sales team members and most portfolio managers are registered representatives. ClearBridge's sales team and its portfolio managers do not receive any compensation based on the sale of any ClearBridge products nor do they receive commissions on client transactions.

In addition to acting as principal underwriter of the U.S. registered investment companies for which ClearBridge serves as adviser or subadviser, LMIS also serves as placement agent for certain unregistered funds which ClearBridge manages. LMIS does not collect a fee for such services and ClearBridge employees do not receive transaction-based compensation for the sale of interests in these funds.

2. Commodities

Neither ClearBridge nor any of our management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. To the extent that we may provide advice on commodity interests to clients, we do so only to the limited extent permitted by law for firms that are not so registered.

3. Related Person Relationships

LEGG MASON PARTNERS FUND ADVISOR, LLC

ClearBridge acts as adviser or subadviser to various registered open and closed end investment companies pursuant to agreements with its affiliate, Legg Mason Partners Fund Advisor, LLC ("LMPFA") wherein LMPFA acts as Administrator or Adviser, respectively. ClearBridge also acts as subadviser to various off-shore funds sponsored by Legg Mason affiliates.

LEGG MASON PRIVATE PORTFOLIO GROUP, LLC

As noted above in Item 4, and more fully described in the disclosure brochure that ClearBridge shares with LMPPG and certain other affiliated managers (see ClearBridge/LMPPG Retail Client Brochure), ClearBridge participates as an investment adviser on a subadvisory basis through LMPPG in certain wrap programs. In these arrangements, LMPPG contracts with wrap sponsors to provide discretionary investment advisory services to their clients. ClearBridge provides LMPPG with instructions that LMPPG either implements and trades or provides to the sponsors for their implementation and trading. ClearBridge may also participate in non-discretionary wrap programs where LMPPG delivers ClearBridge's recommendations to the sponsors which determine whether to use the model. Further, LMPPG's trading desk generally trades ClearBridge Private Client accounts in situations where the client has directed that ClearBridge use the services of one broker-dealer. See discussion of directed brokerage in Item 12 below.

Furthermore, ClearBridge has a relationship with LMPPG in which ClearBridge supports LMPPG in the following functional areas: management, compliance, technology, finance and human resources. Moreover, ClearBridge's CEO is LMPPG's CEO, ClearBridge's Head of Client Service is LMPPG's Chief Operating Officer, ClearBridge's Chief Financial Officer is LMPPG's CFO, and ClearBridge's General Counsel/Chief Compliance Officer is LMPPG's Chief Compliance Officer. To facilitate the relationship, all ClearBridge employees are dual-hatted into LMPPG and vice versa.

RARE INFRASTRUCTURE LIMITED

ClearBridge recently entered into an agreement with its affiliate, RARE Infrastructure Limited ("RARE") pursuant to which ClearBridge will integrate RARE's business functions into its own and the two entities will share personnel. As part of the integration, ClearBridge and RARE will look to combine and leverage the following functional areas: trading, operations, legal, compliance, risk management, technology, finance, human resources, client services, marketing, institutional sales and consultant relations. To facilitate the relationship, ClearBridge employees will be dual-hatted into RARE and vice versa. New York-based ClearBridge traders will trade locally for RARE contracted clients and Sydney-based RARE traders will trade in Asia for ClearBridge contracted clients.

Item 11

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

ClearBridge has adopted a code of ethics (the "Code") imposing standards of business conduct, including requirements to put client interests first and not to take inappropriate advantage of employment-related information. The Code is intended to mitigate or obviate potential conflicts of interest between employees and investment advisory clients and assure compliance with applicable laws and regulations. To ensure that employees do not take advantage of the knowledge of which securities are being purchased and sold on behalf of clients, the Code imposes restrictions on employee personal securities transactions. The Code requires ClearBridge employees to obtain pre-approval of most personal securities transactions from the Compliance Department. If there is an open order for a security on the trading desk, unless there is a de minimis exception where it is believed that the size of the employee's trade will not impact those of clients, the Code prohibits the employee from trading. The Code imposes greater restrictions on portfolio managers, who cannot trade in the same securities for their personal accounts for seven days before and after they have implemented a trade for client accounts. By having these "black-out" periods, the Code seeks to prevent employees from "front-running" client trades, possibly benefiting from the impact of client trades on the market. In addition, when seeking preclearance to trade in personal accounts, employees are required to certify that they are not (i) taking an investment opportunity from a client and (ii) trading on material non-public information.

Additional restrictions imposed by the Code include minimum holding periods for profitable trades so that employees, especially portfolio managers and analysts, devote their time to managing client accounts and not their own, as well as mandatory holding periods for mutual funds we manage to prevent market-timing. Upon employment, all employees are required to report their personal securities accounts, transactions and holdings to the Compliance Department and to certify to the completeness of the information and their compliance with the Code on an annual basis.

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

ClearBridge Investments, LLC
620 8th Avenue
New York, NY 10018
Attention: Compliance Department

As discussed in Item 6, above, ClearBridge and its employees, including its portfolio managers, research analysts and traders, may have significant interests in certain accounts managed by ClearBridge, including the unregistered funds referenced in Item 4 above. Clients may be solicited to invest in some of the unregistered funds.

Item 12

BROKERAGE PRACTICES

A. FACTORS CONSIDERED IN SELECTING BROKER/DEALERS

It is ClearBridge's policy to seek best execution when executing transactions on behalf of clients. Best execution consists of obtaining the most favorable result, considering the full range of services provided, within the current parameters of the market. Best execution is not necessarily measured by the circumstances surrounding a single transaction but may be measured over time through multiple transactions.

In selecting broker-dealers to execute securities transactions, ClearBridge considers the difficulty of the trade and other market-related factors that may influence trading costs, such as the liquidity of the security being traded and the size of the transaction. Criteria ClearBridge considers include whether a broker-dealer is willing to commit capital, counterparty risk, the broker-dealer's record of timely and proper delivery of securities and payment for trades and the broker-dealer's expertise in the types of securities traded. ClearBridge also considers the value of research services provided by broker-dealers, as described below. Alternative execution services venues (such as electronic communications networks ("ECNs"), crossing networks, direct market access, algorithmic trading and program trading) are also utilized to seek best execution. In selecting broker-dealers to execute fixed-income securities transactions, ClearBridge generally engages a selected pool of broker-dealer firms in bid/offer negotiations or uses Alternative Trading Systems which provide us with the ability to see multiple bids or offers at one time.

Currency trades for settlement and hedging of international stocks and bonds are executed in-house with five different counterparties. We trade currencies throughout the course of the day in real time markets sourcing liquidity with the top FX counterparties in the market. We have recently added algorithmic trading venues to capture volume within currencies' quoted spreads. Prices are monitored within stated quotes during the day. Fixed income and equity mandates follow the same processes in regards to currency.

ClearBridge maintains a Brokerage Committee whose responsibility is to oversee its trading activities to ensure that client transactions are executed in the most cost-effective manner and that client brokerage is utilized in an efficient and beneficial manner. Members of the Brokerage Committee consist of representatives from the business, research, trading, portfolio management, legal, compliance and risk. An objective of the Brokerage Committee is to assure that the broker-dealers selected to execute transactions are the most appropriate, considering several factors, such as price, execution capabilities, and the receipt of research or other benefits.

Twice a year, the portfolio managers and analysts engage in a "broker vote" for the purpose of selecting those brokers who they believe provide the best overall services. These services include company meetings, idea generation, proprietary research, surveys and channel checks, among others. The broker vote methodology is overseen by our Brokerage Committee. The target amounts determined by this voting process are considered by the trading desk in selecting broker-dealers, but achievement of any specific target is always subject to best execution.

On a daily basis, the Head of Trading, with assistance from the Business Risk group, monitors counterparty risk. On a daily basis, ClearBridge's Head of Trading also monitors the performance of executing brokers by reviewing trade costs analyses provided by a third party vendor utilized to measure and monitor equity securities trading performance. On a quarterly basis, our Brokerage Committee reviews the broker-dealers the firm has used to effect transactions on behalf of clients in each prior quarter, utilizing trade cost analyses

provided by the third party vendor to enable it to evaluate the overall effectiveness of the trading desk's trading activities.

1. Research and Other Soft Dollar Benefits

ClearBridge uses "soft dollars" to obtain research which supplements our internally generated research. By using our clients' commissions, we receive a benefit because we do not have to pay for this research with our own money. This creates a conflict of interest because we may have an incentive to select a broker-dealer in order to receive research, not because that broker-dealer is providing best execution.

We mitigate those conflicts by using Client Commission Arrangements (CCAs). CCAs allow us to separate the costs of trade execution from those of research. We are able to compensate research providers even when we do not use them for trade execution. The CCAs allow ClearBridge to unbundle the costs of research and execution. Brokers execute trades at execution rates that have been negotiated separate from the cost of research. The agreements allow for the creation of pools of credits that ClearBridge directs the executing broker-dealers to use to compensate research providers. Trade Support electronically monitors the credits daily to ensure that they are being properly credited. On a periodic basis, the Head of Trading directs Trade Support to notify the broker-dealers to pay the third party research providers.

Use of our CCAs are subject to the firm's policy of seeking best execution and come within the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, which permits the payment of commissions that exceed commissions other broker-dealers may charge if ClearBridge determines that the commissions are reasonable in relation to the research or brokerage services provided. We pay higher commissions when we pay for research, as well as execution. In those instances, we have made a good faith determination that the higher commissions are reasonable in relation to the value of research and brokerage services provided, viewed in terms of either that particular transaction or our overall responsibilities with respect to all of our clients' accounts.

Under Section 28(e), ClearBridge may only use soft dollars to obtain brokerage and research services that provide lawful and appropriate assistance to it in carrying out its investment decision-making responsibilities. Research received may include proprietary research generated by the broker-dealers that execute the transactions or research generated by a third party. They may be structured as traditional soft dollar arrangements whereby a broker-dealer is obligated to pay for a specific research product or they may be structured to allow ClearBridge to designate payments to specific independent research providers based on the broker vote.

The research service must provide lawful and appropriate assistance to the investment decision-making process, and may only include:

- a. Advice as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities; or
- b. Analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts.

Specific types of research ClearBridge may receive include, without limitation, reports on insider transactions, meetings with security analysts, government representatives and company and industry representatives, attendance at research conferences (including conferences relating to ESG investing issues), reports of third-party market strategists, earnings information (including estimates), surveys and

custom research reports and performance attribution software and analyses.

ClearBridge does not allocate the relative costs or benefits of research, believing that the research received is, in the aggregate, of assistance in fulfilling its overall responsibilities to clients. Accordingly, any research received from a particular client's brokerage commissions may be useful to the client, but also may be useful in the management of other client accounts. We may also use research paid through CCAs to benefit accounts other than the accounts that paid the soft dollar commissions.

We have a number of proprietary off-shore funds which are subject to MiFID II, which places certain requirements and restrictions on the use of soft dollars to pay for research. Our parent company, Legg Mason, has mandated that its advisory subsidiaries pay for research for these funds (which account for less than 3% of our assets), out of our P & L, rather than using research payment accounts. Because ClearBridge is paying these research expenses, there is a no reallocation of the costs of research and therefore no impact on other clients.

2. Brokerage for Client Referrals

We do not consider whether we, or any of our related persons, receive referrals from a broker-dealer before selecting that broker-dealer to execute client transactions.

3. Directed Brokerage

When requested by institutional separate account clients or mutual funds that wish to recapture part of their brokerage, ClearBridge will attempt to accommodate a client request to direct us to use a specific broker-dealer. Our policy is to accept reasonable directed brokerage instructions for a client's commissions on an annual basis. ClearBridge will use best efforts to honor the client requests for directed business while our primary responsibility remains best execution. We use correspondent brokers as a means to meet client requests for directed broker credit. This process allows ClearBridge to aggregate the client's orders with other clients to obtain best execution. ERISA accounts may be subject to additional requirements and restrictions.

We discourage clients who request to direct all their brokerage to a specific broker as ClearBridge will not be able to negotiate the broker's compensation for executing the transactions nor be able to monitor for best execution. Such clients will also not be able to participate in initial and secondary offerings. Furthermore, if a client directs all its brokerage, its order will generally be placed after orders for clients that give ClearBridge discretion in selecting brokers are completed. Therefore, such clients may receive a less advantageous price than other clients who give ClearBridge discretion over broker selection.

In situations where a client has been introduced to ClearBridge through a registered representative, the client may direct us in writing to execute securities transactions for its account through the registered representative's employer broker-dealer ("Directed Broker"). The client may direct us to execute with the Directed Broker subject to best execution, in which case our affiliate, Legg Mason Private Portfolio Group, LLC ("LMPPG") will place the trades, subject to its policies (see discussion below). If the client directs us to send all transactions to the Directed Broker, ClearBridge will place the transactions directly with the Directed Broker. Under these circumstances, the client should be aware that: (i) ClearBridge will not negotiate trade execution services for the client's account or the Directed Broker's compensation for such services, (ii) ClearBridge will not be in a position to, and will not monitor for best price and execution of the transactions the Directed Broker executes for the client's account, and (iii) there may be a disparity between the prices and execution quality achieved for the client's account and the prices and execution quality achieved for other clients. In addition, ClearBridge may have business relationships with a Directed Broker. The relationship may be perceived to give ClearBridge an incentive to recommend that a

client direct its brokerage to the Directed Broker, although ClearBridge makes no such recommendations. A client that directs ClearBridge to use a Directed Broker to execute trades may terminate the direction by giving written notice to ClearBridge. Termination will become effective after ClearBridge has made any necessary adjustments to its trading systems and/or practices for the client's account, and ClearBridge shall have a reasonable amount of time after receipt of notice to make any such adjustments. Accounts subject to client directions to use Directed Brokers for trade execution generally are excluded from purchasing securities in initial or secondary offerings.

Clients whose accounts are traded by LMPPG should be aware of the following. For securities transactions driven by a change in ClearBridge's investment model and that need to be simultaneously effected for many clients (i.e., model-change trades), LMPPG has executed and expects to continue to execute all or substantially all of these transactions as an aggregated block trade through a single broker-dealer for all clients whose accounts are making the change. This will include accounts contracted with LMPPG or wrap accounts whose sponsors have contracted with LMPPG. A client account included in a block trade frequently will be charged commission equivalents or spreads which are reflected in the net security price paid by the client. Occasionally, transaction-specific commissions are reflected by a separate commission charge paid to the executing broker. In addition, a Directed Broker may charge clearing and settlement-related processing charges on trades executed away from it. Although LMPPG tries to avoid such fees or charges, they will be in addition to any fee the client pays as part of its arrangement with the Directed Broker. The executing broker-dealer may separately charge these fees or charges to the client's account or reflect them in the net security price paid or received. For securities transactions driven by client account-specific activity, such as account contributions and withdrawals, LMPPG expects to select the client's Directed Broker to execute all or a large percentage of these transactions. Clients typically will not pay any transaction-specific commissions on these securities transactions.

B. ALLOCATION AND AGGREGATION OF CLIENT ORDERS

Our policy is to treat each client account fairly and equitably in the aggregation of trade orders and the allocation of available securities. Trades are generally aggregated, and the allocation documented, prior to execution. It is our policy to aggregate or bunch client orders when it is determined that it is in the best interests of clients. Our trade allocation procedures are designed to ensure that: (i) clients are treated fairly as to the securities purchased and sold for their accounts; (ii) clients are treated fairly with respect to the priority of execution of orders; (iii) clients are treated fairly with respect to the allocation of trades; (iv) allocation of trades is done on a timely basis; and (v) all accounts receive the same treatment with respect to average price on transactions. Aggregated transactions are allocated according to one or more methods designed to ensure equitable and fair treatment. These methods include pro rata allocation, which is the usual allocation method. In situations where the trading desk determines that a partial execution quantity falls short of allowing a meaningful pro rata allocation, the trading system will randomly allocate the fill. If a client prohibits the aggregation of its order with those of other clients or directs that ClearBridge use a specific broker and does not allow for the use of correspondent brokers, the effective of which prevents aggregation, such client's order is placed after the execution of the order for accounts that allow aggregation. If there is more than one client that prohibits aggregation order placement is rotated among those clients. Clients should be aware that prohibiting us from aggregating their accounts' orders with those of other clients or directing brokerage may result in them receiving a less favorable execution than they would if their orders were aggregated.

As discussed in Item 6, ClearBridge does not consider account performance or fee structure in making investment opportunity allocation decisions. Orders for accounts in which ClearBridge employees have an interest are aggregated with orders for other accounts. ClearBridge's Compliance Department monitors

investment allocations, on a real-time basis to ensure that every account that should be in an order is included.

ClearBridge maintains an "IPO Allocation Policy" to ensure that shares of initial public offerings and secondary offerings are allocated in a manner that, over time, treats all advisory accounts fairly. The procedures are designed to allocate IPO shares in as objective a manner as possible among accounts for which the security is suitable. (Clients who direct their brokerage usually cannot participate in these fixed price offerings.) These policies and procedures require fair and equitable allocation of IPO shares among accounts.

Portfolio managers who are interested in obtaining an allocation of an IPO must prepare an IPO Eligibility/Suitability Form expressing his or her interest, detailing the client account participation and indicating whether they are "long-term holders" or "short-term holders." (long-term holders are expected to hold their shares for at least 60 days, unless there is an increase or decrease of 30% or more from the IPO price.) IPO shares are first allocated based upon whether the portfolio managers who submitted indications of interest are long-term holders or short-term holders, pursuant to percentages reflected in a matrix covered in the policy. Allocations of securities which are the primary investments in specialized mandates (e.g., MLPs, Convertibles and REITs) are allocated the first 50% of an MLP or REIT or Convertible IPO. The Compliance Department monitors each instance of an IPO and follow-on or secondary offering to ensure the allocations are in accordance with the policy.

Under the ClearBridge–LMPPG arrangement described in Item 8 above, whereby private and retail client accounts are managed by LMPPG following ClearBridge instructions, ClearBridge has no responsibility for the trade execution functions carried out by LMPPG. LMPPG's trading desk operates independently of ClearBridge's trading desk. Accordingly, trades placed by ClearBridge's trading desk are not aggregated with trades that are placed by LMPPG's trading desk.

In order to treat all of its clients fairly and equitably, ClearBridge generally transmits investment instructions at the same time to its trading desk and to LMPPG and any other financial firm to which it provides a non-discretionary model. In addition, trade orders placed for private or retail clients who have directed the use of a specific broker generally are placed at the same time any corresponding investment instructions are transmitted to ClearBridge's trading desk, LMPPG and any other applicable financial firm. As a result of the simultaneous transmission of orders, trades placed by ClearBridge's trading desk in most cases may end up competing in the marketplace with orders placed by the trading desks of LMPPG and any other financial firm (including a Directed Broker). This competition has the potential to negatively impact all clients involved, though competition concerns are mitigated where the securities involved have significant trading volume and are highly liquid. In the case of less liquid securities, ClearBridge seeks to mitigate competition concerns through the use of limit orders and specific price targets. Given these mitigants to competition concerns, ClearBridge believes that simultaneously communicating investment instructions to the ClearBridge trading desk, LMPPG and any other applicable financial firm is, as a general rule, preferable to following a rotation process. Issues associated with a rotation process include detrimental market impact (i.e., earlier trades may move the market causing subsequent trades to receive an inferior price), "signaling" concerns (i.e., broker-dealers anticipate additional trades in the same security and use this information to the detriment of the manager's client), and timing differences that result in clients obtaining different execution prices and performance dispersion among accounts. If there are circumstances in which ClearBridge determines not to transmit investment instructions to all relevant parties at the same time, ClearBridge will execute the trade using rotation procedures designed to ensure the fair and equitable treatment of clients. Since the establishment of LMPPG, ClearBridge has never had the need to use a trade rotation.

For accounts traded by LMPPG, in the case of a partially-filled aggregated order, LMPPG allocates the securities purchased or sold among participating accounts according to one or more methods designed to

ensure that the allocation is equitable and fair. These methods include pro rata allocation and random allocation. Under the pro rata method, LMPPG allocates all securities purchased or sold pro rata to all of the accounts included in the order based upon the amount of securities LMPPG intended to purchase or sell for each participating account. Under the random allocation method, LMPPG allocates the partially filled order to accounts included in the aggregated order on a random basis. The random allocation method is intended for situations in which the partial execution quantity is an amount that does not allow for a pro rata allocation of securities to all accounts or does not allow for a meaningful allocation of securities to all accounts. Where an aggregated order covers clients in multiple investment programs, LMPPG first allocates the securities to the investment programs participating in the order following one of the accepted trade allocation methods. LMPPG then allocates the securities to clients within each investment program following one of the accepted trade allocation methods.

C. ERROR RESOLUTION PROCEDURES

ClearBridge's Breaches and Error Resolution Procedures cover errors made in the investment decision-making process as well as errors in the trading process. The correction method used by ClearBridge for an error must put the client in the same position the client would have been in had the error not occurred (i.e., the client must be made whole for any error-related losses and costs suffered). Gains realized in a client account because of an error caused by ClearBridge generally will remain in the client's account. In the case of an error discovered before settlement, ClearBridge may seek to have the broker cancel the erroneous transaction if it is flat or at a loss; provided, that, in the case of an error affecting a U.S.-registered investment company ("fund") client, a trade cancellation may be effected to correct the error only if it would not change the net asset value of the fund.

Item 13

REVIEW OF ACCOUNTS

On a daily basis, ClearBridge portfolio managers review client accounts and approve the securities trades they initiate for client accounts. These reviews generally focus on accounts' performance relative to applicable benchmarks and the continued investment appropriateness of the account's composition, in light of factors such as the strategy selected and market conditions. Portfolio managers also utilize performance attribution analysis to help understand the sources of alpha (i.e., sector and stock selection components) for their investment strategies relative to applicable benchmarks and to assess portfolio diversification.

ClearBridge also maintains a Risk Management Committee that meets no less frequently than quarterly to review investment strategy performance, performance attribution, tracking error and other key performance-related matters. These strategy reviews focus on identifying and managing investment risk by evaluating risk factors associated with each strategy. The Risk Management Committee consists of ClearBridge's Chief Executive Officer, co-Chief Investment Officers, the Head of Investment Risk and the Head of Business Risk. The Risk Management Committee receives reports from the two Risk Management teams on a daily (counterparty, leverage, derivatives, etc.), weekly (credit instruments, top holdings, watch list, sector concentration, etc.), monthly (Northfield Risk Model results) and quarterly (risk profile analysis for each strategy) basis.

ClearBridge's Compliance Department performs a daily review of accounts to ensure consistency with regulatory and guideline restrictions. In addition, Compliance performs a daily trade blotter review to ensure that investment opportunities are equitably allocated and that clients that participated in aggregated trades receive appropriate allocations.

ClearBridge's Client Services Department provides value-added service to clients through frequent client meetings

and discussions, prompt dissemination of pertinent organizational and portfolio information, and timely responses to client-requested deliverables. As part of a client's relationship with ClearBridge, the client may receive quarterly statements describing performance of the client's account in absolute terms and relative to the client's benchmark, as well as a breakdown of the account's current structure with changes during the period outlined. Monthly statements are also available. To meet specific needs, the Client Services Department also can produce customized monthly or quarterly reports containing in-depth performance data and metrics.

Clients who access ClearBridge's products through financial institutions will generally receive quarterly reports from those sponsors. For those who also request reports from ClearBridge, we urge them to carefully compare our reports with those of the clients' custodians.

Item 14

CLIENT REFERRALS AND OTHER COMPENSATION

Other than research services described in Item 12, ClearBridge does not receive economic benefits from anyone who is not a client in connection with the advisory services we provide to our clients.

ClearBridge may enter into agreements with, and pay fees to, individuals and firms that solicit clients for ClearBridge's investment advisory services. For every arrangement with an unaffiliated third party solicitor, the structure of the solicitation agreement, including the compensation payable to the solicitor, will be disclosed to the client as required by applicable law. ClearBridge currently has no agreements pursuant to which it pays referral fees to third parties.

ClearBridge, or its distribution affiliates, may pay firms that sponsor or recommend ClearBridge's products to their clients for the costs of marketing or promotional expenses, for expenses incurred in connection with training or educational seminars for personnel of the firms or for expenses incurred in connection with client or prospective client meetings relating to ClearBridge investment services. These benefits could give firms and their personnel incentives to favor ClearBridge investment management services and ClearBridge-managed products over those of firms that do not provide the same payments and benefits. These payments and benefits are subject to internal policies and regulatory restrictions.

Item 15

CUSTODY

We do not take physical custody of our clients' assets. Clients typically retain their own custodians under arrangements negotiated independently between them and their custodians. Although we do not have possession of client assets, under SEC rules we may be deemed to have custody of client assets if an affiliate is deemed to have custody of them or if the client directs its custodian to pay ClearBridge its advisory fee. In the latter circumstance, ClearBridge ascertains that the custodian sends the client an account statement at least quarterly. Clients are urged to compare their custodial statements with those provided by ClearBridge.

We may also be deemed to have custody of client assets when we or one of our affiliates act as a general partner of a limited partnership. ClearBridge has three subsidiaries that act as general partner to the three limited partnerships that ClearBridge manages. These limited partnerships are currently subject to surprise audits by an independent auditor who files Form ADV-E with the SEC.

Under SEC rules, we are also deemed to have custody of the private funds we manage. The funds which comprise the ClearBridge Group Trust and the ClearBridge Investment Trust are audited annually by an independent auditor.

Item 16

INVESTMENT DISCRETION

We require clients to enter into written agreements with us that set forth the terms of our relationship. Under these agreements, ClearBridge generally has discretionary authority to determine the securities to be bought and sold for client accounts, including the amounts of such securities. We also generally have the authority to select broker/dealers to execute transactions and to determine the price at which to transact such transactions.

Our discretionary authority is in all cases subject to the specific objectives, guidelines and restrictions in the investment management agreement. Investment guidelines generally set forth permitted investments and usually provide a benchmark against which the account is managed. Guidelines may also contain restrictions or limitations on issuers or types of issuers, percentage limitations on issuers, sectors or foreign securities, prohibited investments and prohibitions or limitations on investments in specific instruments, such as derivatives.

Clients in wrap fee programs usually enter into an agreement with the sponsor that contains a power of attorney appointing us to manage the client account in a specific strategy or strategies. In dual contract programs, clients enter into agreements directly with us to manage their accounts according to specific strategies or as a private client account. Please see the ClearBridge/LMPPG Retail Client Brochure for a discussion of client-imposed restrictions in those circumstances.

ClearBridge has self-imposed rules with regard to maximum size of positions in a security that may be held across the firm and in individual accounts. In addition, ClearBridge may be prohibited from purchasing or holding certain securities by virtue of legal, regulatory or issuer-imposed restrictions, including, without limitation, restrictions on the amount of securities that may be held or controlled by any one entity.

Under ClearBridge's Policy on Material Non-Public Information, if ClearBridge is in possession of material non-public information about an issuer, whether acquired unintentionally or otherwise, in general, neither ClearBridge nor its employees are permitted to trade in that issuer's securities for client accounts or their own accounts, until such time as the information is no longer deemed to be material non-public information. As such, there may be circumstances which will prevent the purchase or sale of securities for client accounts for a period of time.

Finally, clients may limit ClearBridge's authority by directing that all or a portion of a client's brokerage transactions be executed through a directed broker. See discussion in Item 12 above regarding directed brokerage.

Item 17

VOTING CLIENT SECURITIES

ClearBridge has adopted Proxy Voting Policies and Procedures that to seek to ensure that it votes proxies in the best interest of client accounts. The following is a brief overview of the policies.

ClearBridge votes proxies for each client account with respect to which it has been authorized or is required by law to vote proxies. In voting proxies, ClearBridge is guided by general fiduciary principles and seeks to act prudently and solely in the best interest of the beneficial owners of the accounts it manages. ClearBridge attempts to consider all factors that could affect the value of the investment and will vote proxies in the manner that it believes will be consistent with efforts to maximize shareholder values. ClearBridge may utilize an external service provider to provide it with information and/or a recommendation with regard to proxy votes. However, such recommendations do not relieve ClearBridge of its responsibility for the proxy vote.

In the case of a proxy issue for which there is a stated position in the policies, ClearBridge generally votes in accordance with such stated position. In the case of a proxy issue for which there is a list of factors set forth in the policies that ClearBridge considers in voting on such issue, ClearBridge considers those factors and votes on a case-by-case basis in accordance with the general principles set forth above. In the case of a proxy issue for which there is no stated position or list of factors that ClearBridge considers in voting on such issue, ClearBridge votes on a case-by-case basis in accordance with the general principles set forth above. Issues for which there is a stated position set forth in the policies or for which there is a list of factors set forth in the policies that ClearBridge considers in voting on such issues fall into a variety of categories, including election of directors, ratification of auditors, proxy and tender offer defenses, capital structure issues, executive and director compensation, mergers and corporate restructuring, and social and environmental issues. The stated position on an issue set forth in the policies can always be superseded, subject to the duty to act solely in the best interest of the beneficial owners of accounts, by the investment management professionals responsible for the account whose shares are being voted. There may be occasions when different investment teams vote differently on the same issue. An investment team may adopt proxy voting policies that supplement ClearBridge's Proxy Voting Policies and Procedures. In addition, in the case of Taft-Hartley clients, ClearBridge will comply with a client direction to vote proxies in accordance with Institutional Shareholder Services' (ISS) PVS Voting guidelines, which ISS represents to be fully consistent with AFL-CIO guidelines.

In furtherance of ClearBridge's goal to vote proxies in the best interest of clients, ClearBridge follows procedures designed to identify and address material conflicts that may arise between ClearBridge's interests and those of its clients before voting proxies on behalf of such clients. To seek to identify conflicts of interest, ClearBridge periodically notifies ClearBridge employees in writing that they are under an obligation (i) to be aware of the potential for conflicts of interest on the part of ClearBridge with respect to voting proxies on behalf of client accounts both as a result of their personal relationships or ClearBridge's business relationships or the personal or business relationships of other Legg Mason units' employees, and (ii) to bring conflicts of interest of which they become aware to the attention of ClearBridge's General Counsel/Chief Compliance Officer. ClearBridge also maintains and considers a list of significant ClearBridge relationships that could present a conflict of interest for ClearBridge in voting proxies.

ClearBridge's Proxy Committee reviews and addresses conflicts of interest. A proxy issue that will be voted in accordance with a stated ClearBridge position on such issue or in accordance with the recommendation of an independent third party is not brought to the attention of the Proxy Committee for a conflict of interest review because ClearBridge's position is that to the extent a conflict of interest issue exists, it is resolved by voting in accordance with a pre-determined policy or in accordance with the recommendation of an independent third party. With respect to a conflict of interest brought to its attention, the Proxy Committee first determines whether

such conflict of interest is material. A conflict of interest is considered material to the extent that it is determined that such conflict is likely to influence, or appear to influence, ClearBridge's decision-making in voting proxies. If it is determined by the Proxy Committee that a conflict of interest is not material, ClearBridge may vote proxies notwithstanding the existence of the conflict.

If it is determined by the Proxy Committee that a conflict of interest is material, the Proxy Committee is responsible for determining an appropriate method to resolve such conflict of interest before the proxy affected by the conflict of interest is voted. Such determination is based on the particular facts and circumstances, including the importance of the proxy issue and the nature of the conflict of interest.

You may request:

- (i) a copy of ClearBridge's Proxy Voting Policies and Procedures; and/or
- (ii) information concerning how ClearBridge voted proxies with respect to the securities held in your account.

Such request may be made by sending a written request to:

ClearBridge Investments, LLC
620 8th Avenue
New York, NY 10018
Attention: Client Services

Legal Proceedings Relating to Portfolio Securities

Except as may be otherwise agreed to in writing with a particular client, ClearBridge does not render any advice to or take any actions on behalf of clients with respect to any legal proceedings, including bankruptcies and shareholder litigation, to which any securities or other investments held in client accounts, or the issuers thereof, become subject, and does not initiate or pursue legal proceedings, including without limitation shareholder litigation, on behalf of clients with respect to transactions, securities or other investments held in client accounts, or the issuers thereof. Except as may be otherwise agreed to in writing with a particular client, the right to take any actions with respect to any legal proceedings, including without limitation bankruptcies and shareholder litigation, and the right to initiate or pursue any legal proceedings, including without limitation shareholder litigation, with respect to transactions, securities or other investments held in a client account is expressly reserved to the client.

Item 18

OTHER FINANCIAL INFORMATION

Not Applicable

APPENDIX A

Your Privacy at ClearBridge Investments, LLC

We are concerned about the privacy of the individuals for whom we provide advisory services. We are sending this notice to individuals ("you") who invest, for personal, family, or household purposes, in accounts that we manage. This is to help you understand how we handle, protect and limit certain non-public personal information that we may collect in order to conduct and process your business with us. The provisions of this notice apply to former individual advisory clients as well as current individual advisory clients unless we state otherwise.

We protect any personal information we collect about you by maintaining physical, electronic and procedural safeguards that meet or exceed applicable law. Third parties who have access to such personal information must agree to follow appropriate standards of security and confidentiality. We train people who work for us in how to properly handle such personal information, and we restrict access to it.

The personal information that we may collect about you comes from the following sources:

- Information received from you, such as on applications or other forms.
- Information about your transactions with us, our affiliates and nonaffiliated third parties; and
- Information we may receive about you from other sources, such as your broker.

Our affiliates are the family of companies controlled by Legg Mason, Inc. If you are a customer of other Legg Mason, Inc. affiliates and you receive notices from them, you will need to read those notices separately.

We do not disclose any non-public personal information about you except as permitted by law. For example, we are permitted to disclose non-public personal information to our affiliates and non-affiliated third parties that perform various services on our behalf, including custodians, broker-dealers and companies that perform marketing services on our behalf or to other financial institutions with whom we have joint marketing agreements. These companies agree to use this information only for the services for which we hired them and are not permitted to use or share this information for any other purpose.