

2Q 2015

Separately Managed Accounts

Product Commentary

CLEARBRIDGE MULTI CAP GROWTH PORTFOLIOS

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Portfolio Managers

Multi Cap Growth Portfolios

Annualized returns net and gross of fees — PRELIMINARY

(%) as of June 30, 2015

	1-mo	QTR	YTD	1-yr	3-yr	5-yr	7-yr	10-yr
Net of fees	-3.43	-0.63	0.14	-0.12	19.11	19.06	10.61	9.10
"Pure" gross of fees	-3.18	0.11	1.63	2.88	22.63	22.59	13.90	12.35
Russell 3000 Growth Index	-1.52	0.27	4.33	10.69	18.15	18.64	10.58	9.17

The strategy returns shown are preliminary composite returns, subject to future revision (downward or upward). Please visit www.leggmason.com/individualinvestors for the latest performance figures. YTD numbers are not annualized.

Monthly, quarterly and YTD numbers are not annualized. **Past performance is no guarantee of future results.** Please see the GIPS® endnotes for important additional information regarding the portfolio performance and for effects of fees. Management and performance of individual accounts may vary for reasons that include the existence of different implementation practices and model requirements in different investment programs.

Fees: Gross performance shown does not reflect the deduction of investment management fees and certain transaction costs, which will reduce portfolio performance. Net performance includes the deduction of a 3.0% annual wrap fee, which is the maximum anticipated wrap fee for equity and balanced portfolios. Actual fees may vary. For fee schedules, contact your financial professional, or if you enter into an agreement directly with Legg Mason Private Portfolio Group, LLC (LMPPG), refer to LMPPG's Form ADV disclosure document.

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

Market overview and outlook

U.S. stocks traded in a tight range during the second quarter, with the major indexes ending largely unchanged. The large cap S&P 500 Index gained 0.28% for the quarter, the small cap Russell 2000 Index added 0.42%, while the broad market Russell 3000 Index gained 0.14%.

Volatility remained low as investors awaited a clear signal from the Federal Reserve on when it will commence raising short-term interest rates. The S&P 500 sustained its longest stretch without a 2% daily move up or down since 2007. That more than six-month stint was snapped on June 29 when the index fell 2.09% following the breakdown of talks between Greece and its creditors. The sharp drop – the largest for the S&P 500 since April 2014 – pared gains for most equity benchmarks.

As with stocks, the U.S. economy continued its slow march forward through the second quarter. Employment continued to lead the way, with payrolls increasing by an average of 221,000 per month, and the unemployment rate declining to 5.3%, its lowest level since April 2008. Final revisions to first-quarter GDP showed that the economy contracted by 0.2%, an improvement over an earlier reading, which suggested that the winter slowdown in growth could be temporary. Consumer spending and new and existing home sales showed healthy improvement in May, while consumer confidence bounced back late in the quarter. Offsetting those gains were disappointing reports on industrial production.

The mixed economic picture combined with continued strength in the U.S. dollar caused the Federal Reserve to maintain its cautious stance on rates. Fed Chair Janet Yellen asserted in June that the committee still needs to see further improvement in labor markets, wages and inflation before tightening monetary policy.

Given uncertainty in other parts of the global economy, we believe owning U.S.-centric companies is the best approach in the current environment. The portfolio's media holdings were among the best performers for the quarter due to business models and attractive programming assets that have less sensitivity to global demand drivers. Our health care positions also continued to perform due to leading market positions, innovative therapies and strong balance sheets that make them less susceptible to cyclical factors.

As we have mentioned in previous commentaries, our preference for quality companies at compelling valuation levels and with long-term organic growth opportunities is shared by activist investors and corporate acquirers. Over time, this has led a number of our portfolio holdings to become the target of takeovers. Industry consolidation had a beneficial impact during the quarter on Broadcom, in the information technology sector, and Pall Corp., in the industrials sector. In addition, activists announced stakes in portfolio holdings in the technology and industrials sectors. Our media holdings also benefited from the increased likelihood of consolidation following the failure of the Comcast/Time Warner Cable merger. Health care stocks continue to enjoy a tailwind from M&A activity, and we expect to see similarly accretive deals occur in the energy sector as larger players take advantage of lower commodity prices to reposition their businesses.

Stocks in more resource-related areas of the economy did not fare as well as our more domestic, defensive-oriented holdings during the second quarter. These companies maintain the sound business models, healthy balance sheets and solid liquidity profiles to navigate through turbulence and pick up market share as their industries work through the difficult periods of their business cycles.

The themes that have driven performance over the last several years – innovation, M&A activity and additive capital allocation decisions, such as share buybacks – remain firmly in place, and we feel constructive about the companies we own. As stocks churn along through the seventh year of the current bull market, we expect volatility to pick up from what has recently been a low-volatility, low-volume environment. As

long-term business owners, we have positioned the portfolio to take advantage of opportunities that such volatility can present.

Portfolios' highlights

For the three-month period ended June 30, 2015, the ClearBridge Multi Cap Growth Portfolios returned 0.11% (gross of fees), while the benchmark Russell 3000 Growth Index gained 0.27% for the same period. Over the longer term, the Portfolios have outperformed the benchmark for the 3-, 5-, 7- and 10-year periods ended June 30, 2015 (gross of fees).

In terms of absolute performance, the Portfolios had gains in two of the six sectors in which they were invested (among 10 sectors in total) for the second quarter, with the greatest contribution to returns coming from the consumer discretionary sector. The leading detractors from absolute performance came from the information technology (IT) sector. The Portfolios had no holdings in the consumer staples, financials, utilities or telecommunication services (telecom) sectors.

Relative to the benchmark Russell 3000 Growth Index, overall stock selection had a negative impact on performance but was offset by positive performance effects from sector allocation. In particular, stock selection in the health care and IT sectors were the primary detractors from performance, while selection in the energy sector also had a negative impact. Stock selection in the consumer discretionary sector – representing the Portfolios' media holdings – an overweight to health care and a lack of exposure to the consumer staples sector had positive impacts on relative performance.

In terms of individual holdings, the leading contributors to performance for the quarter included positions in Cablevision Systems and Comcast, in the consumer discretionary sector, Broadcom, in the IT sector, Pall Corp., in the industrials sector, and ImmunoGen, in the health care sector. The leading detractors from performance for the quarter included positions in Cree, Autodesk and Seagate Technology, in the IT sector, Biogen, in the health care sector, and ADT Corp., in the industrials sector.

During the second quarter, the Portfolios initiated a position in Discovery Communications Class A, in the consumer discretionary sector, and closed their position in Pall Corp. following the announcement that it was being acquired by Danaher Corp.

Top contributors¹

Top contributors	Contribution to equity return %
Cablevision Systems Corporation Class A	0.89
Broadcom Corporation Class A	0.64
Pall Corporation	0.58
Comcast Corporation Class A Special	0.49
ImmunoGen, Inc.	0.44

Source: FactSet.

In terms of individual stocks, the top contributors to Portfolio performance for the quarter included:

Cablevision Systems (CVC), in the consumer discretionary sector, is a telecommunications, media, and entertainment company. The stock performed well on the likelihood that it could be part of anticipated consolidation within the media sector.

Broadcom (BRCM), in the IT sector, produces semiconductors and related technologies for use primarily in wired and wireless communications applications for the consumer and business markets. The stock rallied after the announcement that it is being acquired by Avago Technologies for \$37 billion.

Pall Corp. (PLL), in the industrials sector, produces filtration and purification technologies for use in the medical and biopharmaceuticals market through its life sciences unit, and the aerospace, transportation, microelectronics, energy and water markets through its industrial division. Shares rose strongly on news that it is being acquired by Danaher Corp. for \$13.8 billion.

Comcast (CMCSK), in the consumer discretionary sector, offers consumer entertainment, information, and communication products and services, including cable TV systems, Internet and phone services, and consolidated national programming networks. The stock was boosted by strong box-office results from its Universal Pictures division and continued solid execution.

ImmunoGen (IMGN), in the health care sector, is a biotechnology company focused on the development of targeted therapeutics for the treatment of cancer. Shares rallied strongly on positive phase 1 trial results for its ovarian cancer treatment.

Bottom contributors¹

Bottom contributors	Contribution to equity return %
Cree, Inc.	-0.54
Autodesk, Inc.	-0.44
Biogen Inc.	-0.38
ADT Corporation	-0.32
Seagate Technology PLC	-0.27

Source: FactSet.

The bottom contributors to Portfolio performance for the quarter included:

Cree Inc. (CREE), in the IT sector, is a developer and manufacturer of light-emitting diodes (LEDs) and related lighting and semiconductor technologies. Cree shares sold off during the quarter due to softness in the company's industrial lighting markets in Asia.

Autodesk (ADSK), in the IT sector, is a design software and services company with customers in the architecture, engineering and construction, manufacturing and digital media and entertainment industries. Lowered revenue and earnings guidance due to concerns about the company's transition from a license to subscription-based business model weighed on the stock.

Biogen (BIIB), in the health care sector, is a biotechnology company that focuses on developing therapies for use in the areas of oncology, neurology and hematology. The company's shares sold off slightly in the quarter on profit taking following a very strong first quarter.

ADT Corp. (ADT), in the industrials sector, is an electronic home and business security monitoring company. Shares were hurt in the quarter after earnings missed expectations amid growing competition in the home security market.

Seagate Technology (STX), in the IT sector, produces a range of hard disk drive (HDD) products for use in enterprise computing, PCs and electronic devices and provides data storage services for small to medium-size businesses. Shares declined in the quarter, in spite of an above-average yield and a share repurchase program, because of weakness in their largest end market, personal computers.

¹ Holdings, sector weightings, market capitalization and portfolio characteristics are based on a representative portfolio within the composite and are subject to change at any time. Holdings, sector weightings, market capitalization and portfolio characteristics of individual client portfolios in the program may differ, sometimes significantly, from those shown. This information does not constitute, and should not be construed as, investment advice or recommendations with respect to the sectors and securities listed, and it should not be used as the sole basis for any investment decision.

Market capitalization²

Market cap breakdown (\$)	Portfolio weight	Benchmark weight
Above 50 billion	35.71	50.91
25-50 billion	13.64	14.62
10-25 billion	24.80	14.99
3-10 billion	22.12	13.01
0-3 billion	3.73	6.48
Weighted average market cap (\$bil)	51.61	115.41

Source: FactSet.

Top 10 holdings²

Top 10 holdings	Benchmark weight
Biogen Inc	8.84
UnitedHealth Group Inc	7.87
Comcast Corp	7.51
Allergan plc	7.19
Anadarko Petroleum Corp	4.30
Broadcom Corp	4.10
Weatherford International PLC	3.97
Cablevision Systems Corp	3.87
Seagate Technology PLC	3.34
Liberty Media Corp	2.89
Total number of holdings	38

Source: FactSet.

Sector highlights²

Average sector weightings and performance (%)						
Gross of fees from 03/31/15 to 06/30/15						
Sector	Port. Weight	Port. return	Bench- mark* weight	Bench- mark* return	Weight diff.	Active contrib
Health Care	29.78	0.88	15.33	4.23	14.45	-0.40
Information Technology	22.13	-3.22	28.43	0.43	-6.30	-0.79
Consumer Discretionary	20.72	6.63	18.68	2.77	2.04	0.83
Energy	9.90	-2.98	4.41	-0.19	5.49	-0.23
Industrials	9.63	-4.38	11.70	-4.76	-2.08	0.30
Materials	2.05	-2.73	3.99	-0.72	-1.93	-0.03
Financials	0.00	0.00	5.49	-1.84	-5.49	0.11
Telecomm Service	0.00	0.00	2.00	-2.87	-2.00	0.06
Utilities	0.00	0.00	0.10	-8.99	-0.10	0.01
Consumer Staples	0.00	0.00	9.88	-1.94	-9.88	0.22
Cash	5.79	0.00	0.00	0.00	5.79	-0.01

*Benchmark: Russell 3000 Growth Index.

Source: FactSet.

² Holdings, sector weightings, market capitalization and portfolio characteristics are based on a representative portfolio within the composite and are subject to change at any time. Holdings, sector weightings, market capitalization and portfolio characteristics of individual client portfolios in the program may differ, sometimes significantly, from those shown. This information does not constitute, and should not be construed as, investment advice or recommendations with respect to the sectors and securities listed, and it should not be used as the sole basis for any investment decision. **Past performance is no guarantee of future results.**

Important information

All opinions and data included in this market commentary are as of the date indicated and are subject to change. The opinions and views expressed herein are those of the portfolio managers specified and may differ from those of other managers or the firm as a whole, and they are not intended to be relied upon as a prediction or forecast of actual future events or performance, or a guarantee of future results, or investment advice. Discussion of individual securities is intended to inform shareholders as to the basis (in whole or in part) for previously made decisions by a portfolio manager to buy, sell or hold a security in a portfolio. The information contained should not be used as the sole basis to make any investment decisions. The statistics have been obtained from sources believed to be reliable, but the accuracy and completeness of this information cannot be guaranteed. Securities referenced should not be construed as a solicitation or recommendation or be used as the sole basis for any investment decision.

Please refer to www.leggmason.com/individualinvestors for more information about the Portfolio, including objective, risks and investment process. The information presented does not constitute and should not be construed as investment advice with respect to any investment discussed. There is no guarantee that investment objectives will be met. An investor cannot invest directly in an index. Investments are not FDIC insured or guaranteed by any government agency. Values may fluctuate due to market conditions and other factors.

Past performance is no guarantee of future results.

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

Risks

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

In addition to investments in large-capitalization companies, investments may be made in speculative and/or small-cap and mid-cap companies, which involve a higher degree of risk and

volatility than investments in larger, more established companies. In addition, because the investments may be concentrated in a limited number of industries and companies, the Portfolios may involve heightened risk.

Investments may also be made in ADRs and other securities of non-U.S. companies in developed and emerging markets, which involve risks in addition to those ordinarily associated with investing in domestic securities, including the potentially negative effects of currency fluctuations, political and economic developments, foreign taxation, and differences in auditing and other financial standards. These risks are magnified in emerging markets.

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

Definitions and additional information

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

The Federal Reserve Board ("Fed") is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices, and a sustainable pattern of international trade and payments.

Gross Domestic Product (GDP) is the market value of all final goods and services produced within a country in a given period of time.

Russell 2000 Index is composed of the 2,000 smallest companies in the Russell 3000 Index. An investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charge.

Russell 3000 Growth Index measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values. The Portfolio composition typically varies from that of the above-noted, unmanaged index.

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

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ClearBridge Multi Cap Growth SMA – GIPS® endnotes (\$USD) — Ending December 31

Inception date: January 2006; Composite creation date: June 2008

Period	Total return (net)	Total return (pure gross)	Russell 3000 Growth Index return	Number of portfolios	% of bundled fee portfolios in the composite	Composite dispersion	Composite 3 Yr. Standard Deviation	Benchmark 3 Yr. Standard Deviation	Total composite assets at end of period (USD million)	% of firm assets	Total firm assets at end of period (USD million)
2014	12.17%	15.50%	12.44%	7,870	100	0.99%	12.32%	9.87%	7,194.0	7.1%	100,721.5
2013	41.13%	45.24%	34.23%	5,294	100	1.88%	17.10%	12.66%	5,307.8	6.2%	85,024.7
2012	18.65%	22.16%	15.21%	10,718	100	1.89%	20.84%	16.21%	3,128.0	5.7%	54,624.3
2011	-5.35%	-2.49%	2.18%	9,619	100	1.79%	23.68%	18.43%	2,635.4	5.2%	50,870.8
2010	27.22%	30.97%	17.64%	8,977	100	1.87%	n/a	n/a	2,636.1	4.8%	55,366.5
2009	46.58%	50.85%	37.01%	9,733	100	3.94%	n/a	n/a	2,185.5	4.1%	53,522.7
2008	-44.35%	-42.58%	-38.44%	12,211	100	2.11%	n/a	n/a	1,921.3	3.8%	50,614.9
2007	4.23%	7.34%	11.40%	14,680	100	5.40%	n/a	n/a	4,239.5	9.0%	47,112.0
2006	7.81%	11.02%	9.46%	14,038	100	3.60%	n/a	n/a	4,017.8	7.4%	54,077.6
2005	11.05%	14.35%	5.17%	10,290	100	2.92%	n/a	n/a	n/a	n/a	n/a

COMPLIANCE STATEMENT: ClearBridge Investments, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. ClearBridge Investments, LLC has been independently verified for the periods January 1, 1997 - December 31, 2013. The verification reports are available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

FIRM INFORMATION: ClearBridge Investments, LLC ("ClearBridge") is a wholly owned subsidiary of Legg Mason, Inc. ("Legg Mason"). The investment advisory business now known as ClearBridge was registered in September 2005 to facilitate Legg Mason's acquisition of substantially all the equity asset management businesses known as Citigroup Asset Management. These former businesses serve as the foundation of ClearBridge and its claim of GIPS compliance for institutional accounts through predecessor firms, effective as of January 1997. In June 2008, ClearBridge combined this business with its retail business to form a single GIPS firm. On April 1, 2013, ClearBridge's affiliate, Global Currents Investment Management, LLC, was merged into ClearBridge.

COMPOSITE INFORMATION: The ClearBridge Multi Cap Growth SMA composite consists of discretionary wrap accounts with an account minimum of US \$25,000. Accounts within the composite seek long-term capital appreciation by investing in the stocks of small, mid, and large capitalization companies that the manager believes have the potential for above-average long-term earnings and/or cash flow growth.

The main risks of this strategy are General Investment Risk, Industry and Issuer Concentration Risk, Small Cap Risk, Mid Cap Risk, High Volatility Risk and Non-U.S. Investment Risk. Prior to June 2008, the minimum was \$5,000.

INPUT AND CALCULATION DATA: The fee schedule currently in effect is 3.00% on all assets. Net of fee composite returns are calculated by reducing each monthly composite pure gross rate of return by the highest "bundled" fee charged (3.00%) annually, prorated to a monthly ratio. The "bundled" fee includes transaction costs, investment management, custodial, and other administrative fees. Pure gross returns shown do not reflect the deduction of "bundled" fees and are presented as supplemental information to net returns. As of January 2014, the internal dispersion of annual returns is measured by the asset-weighted standard deviation of portfolio returns included in the composite for the entire year. For prior years, the equal-weighted standard deviation was used. The composite employed a 10% significant cash flow policy which was discontinued in January 2012. Data prior to January 2006 is presented as non-compliant information. Total firm assets for years ending 2006 and 2007 represent the CBI-Retail firm. Effective January 1, 2013, the number of portfolios reflects a change from prior periods due to an aggregation of accounts as reported by one sponsor. A list of composite descriptions is available upon request. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Past performance is not necessarily indicative of future results.

BENCHMARK INFORMATION: The Russell 3000® Growth Index measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values.