



## KEY FACTS

**Portfolio Management Team:** Evan Bauman, Thomas Hudson, CFA\*

### Fundamental Research Platform:

- A shared research platform, consisting of experienced analysts who support portfolio management
- Coverage for sector analysts includes the top 300-400 existing holdings and 100-150 opportunistic ideas

**Experience:** Portfolio Management team averages 16 years of investment industry experience

**Benchmarks:** Russell 1000 Growth Index

### OBJECTIVES<sup>3</sup>

- The investment team seeks to
  - outperform the Russell 1000 Growth benchmark with a lower risk profile and superior Sharpe Ratio
  - outperform the Russell 1000 Growth Index in advancing markets, but more importantly, protect capital in declining markets
  - earn absolute returns while outperforming the benchmark and large cap growth peers over a market cycle (three to five years)
  - construct a portfolio that is 100% “active long” – all positions are overweight versus the benchmark

### PHILOSOPHY

- Attractive long-term results may be achieved by implementing a disciplined approach to identify companies that can sustain high growth rates and that are reasonably priced
- Desired company attributes: companies that are projected to grow revenue, earnings, and/or cash flow greater than the market over next 3 years, with focus on cash flow generation, strong balance sheets, under appreciated earnings potential, disciplined capital allocation

### INVESTMENT PROCESS

<b>Initial Universe</b> Companies with Market Caps Greater than \$3 billion	850+ Issues
<b>Step 1</b> Fundamental Research 100+ Issues	Vet initial universe by portfolio managers, analysts and quantitative screen
<b>Step 2</b> Portfolio Construction 40-60 Issues	Construct a diversified portfolio through bottom up stock selection
<b>Step 3</b> Risk Management & Review/Sell Process	Perform extensive monitoring and analysis of sources of risk relative to benchmark

\* Effective February 26, 2010, Peter Bourbeau stepped down as a co-portfolio manager of the Diversified Large Cap Growth Strategy to focus solely on the firm's Large Cap Growth strategy. Tom Hudson and Evan Bauman continue as portfolio managers for the Diversified Large Cap Growth strategy.

<sup>1</sup> Source: FactSet. Representative portfolio characteristics, holdings, sector weightings, turnover and market capitalization are based on a representative portfolio and are subject to change at any time. Holdings, sector weightings, market capitalization, turnover and portfolio characteristics of individual client portfolios 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 securities and sectors listed. P/E ratios are weighted harmonic average. Price/Book is weighted average.

### PORTFOLIO CHARACTERISTICS & RISK STATISTICS<sup>1,2</sup>

As of June 30, 2010

Characteristics	Representative Portfolio	Russell 1000 Growth Index
P/E Ratio (trailing 12 mos.)	15.6	17.2
P/E Ratio (forward 12 mos.)	13.9	13.8
Price/Book	2.9	3.8
EPS Growth Next 3-5 Years (%)	13.9	14.2
Weighted Median Market Cap (\$ bn)	25.0	30.5
Weighted Average Market Cap (\$ bn)	43.3	68.4
ROE	16.8	22.6
Dividend Yield	1.1	1.6

3 Year Risk Statistics	Composite	Russell 1000 Growth Index
Standard Deviation (%)	21.27	20.85
Sharpe Ratio	-0.36	-0.30
Tracking Error (%)	4.47	--
R <sup>2</sup>	0.96	--
Alpha (%)	-1.31	--
Beta	1.00	--

### TOP TEN HOLDINGS<sup>1</sup>

Security	(%) of Total Representative Portfolio
Wal-Mart Stores Inc.	3.17
PepsiCo Inc.	3.13
Cisco Systems Inc.	3.07
Colgate-Palmolive Co.	2.99
Amgen Inc.	2.98
Google Inc. (CIA)	2.94
Amazon.com Inc.	2.92
Rovi Corp	2.79
Celgene Corp.	2.76
Abbott Laboratories	2.61
<b>Total</b>	<b>29.36</b>
<b>Total Number of Holdings</b>	<b>52</b>

### SECTOR WEIGHTINGS<sup>1</sup>

Sector	Representative Portfolio (%)	Russell 1000 Growth Index (%)	Relative Weight (%)
Technology	31.1	28.8	2.3
Health Care	18.2	10.8	7.5
Consumer Discretionary	14.8	16.3	-1.5
Financials Services	11.8	6.3	5.5
Consumer Staples	10.0	8.2	1.9
Energy	6.2	10.3	-4.1
Producer Durables	4.2	13.9	-9.7
Materials & Processing	1.4	5.1	-3.8
Utilities	0.0	0.3	-0.3
Cash	2.3	0.0	2.3

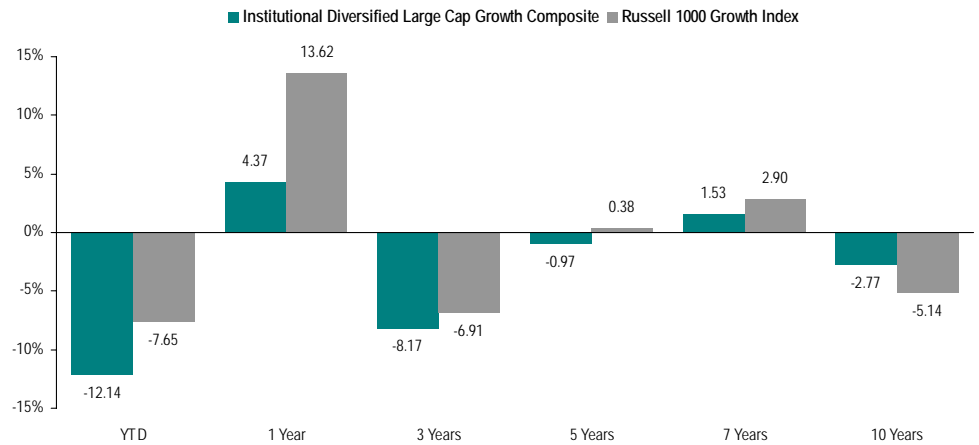
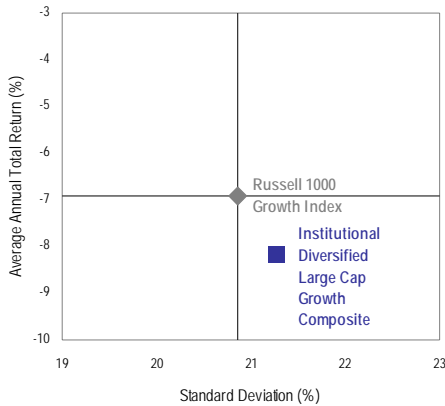
<sup>2</sup> Past performance is no guarantee of future results. Please see GIPS endnotes.

<sup>3</sup> There is no guarantee that the Portfolio's objectives will be met.



## INSTITUTIONAL DIVERSIFIED LARGE CAP GROWTH COMPOSITE AVERAGE ANNUAL TOTAL RETURN (GROSS OF FEES) As of June 30, 2010

### RISK VS. REWARD: 3 - YEAR PERIOD



Performance source: Internal.  
Benchmark source: Frank Russell. Past performance is no guarantee of future results.

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Neither ClearBridge Advisors, LLC nor its information providers are responsible for any damages or losses arising from any use of this information.

### ENDNOTES:

Institutional Diversified Large Cap Growth	ClearBridge Advisors			
	1 Year (ending 31-Dec-09)	3 Years (ending 31-Dec-09)	5 Years (ending 31-Dec-09)	10 Years (ending 31-Dec-09)
Annualized Returns:				
Net-of-fees	38.8%	-2.5%	0.9%	-2.0%
Gross-of-fees	39.6%	-1.9%	1.6%	-1.3%
Russell 1000 Growth	37.2%	-1.9%	1.6%	-4.0%
S&P 500	26.5%	-5.6%	0.4%	7.7%

For purposes of compliance with GIPS, the "firm" is defined as ClearBridge Advisors, which encompasses all assets managed or advised on a discretionary or non-discretionary basis by ClearBridge Advisors, LLC and ClearBridge Asset Management Inc (collectively, "ClearBridge Advisors"). In June 2008, ClearBridge Advisors combined its separate institutional and retail firms to form a single GIPS firm, CBA. The two predecessor firms were "ClearBridge Advisors Institutional" and "ClearBridge Advisors Retail". ClearBridge Advisors Institutional ("CBA-Inst") encompassed ClearBridge Advisors' mutual fund and other collective investment vehicle businesses and separately managed accounts contracted directly with ClearBridge Advisors. ClearBridge Advisors Retail ("CBA-Retail") was created in 2008 and encompassed separately managed accounts for which ClearBridge Advisors served as sub-advisor under sponsored programs ("retail separately managed accounts"). CBA-Retail's claim of GIPS compliance is effective as of January 2006. In accordance with GIPS, CBA-Retail's historical performance returns prior to January 2006 are presented as non-compliant information. The ClearBridge Advisors entities are wholly-owned subsidiaries of Legg Mason, Inc. ("Legg Mason") and are not affiliated with Citigroup Inc. ("Citigroup").

For the institutional business only, CBA-Inst's predecessor "firm" for GIPS purposes was CAM Institutional ("CAM-NA"). CAM-NA encompassed assets managed by North America-based units of Citigroup Asset Management ("CAM"), the worldwide asset management business of Citigroup that was conducted through various subsidiaries of Citigroup on behalf of certain of its institutional, mutual fund and other collective investment vehicle clients. The CAM-NA "firm" definition was substantially similar to the "firm" definition of CBA-Inst. On December 1, 2005, Citigroup completed the sale of CAM, including CAM-NA, to Legg Mason. In connection with the transaction, ClearBridge Advisors became the manager of a significant portion of the institutional, mutual fund and other collective investment vehicle accounts, including most active equity accounts that were managed by CAM-NA up until the date of the Citigroup-Legg Mason transaction. Assets that were not transitioned to ClearBridge Advisors in connection with the transaction (particularly fixed income and quantitative equity assets) transitioned to other Legg Mason affiliates that were not part of CBA-Inst. Prior to January 2001, CAM maintained three separate AIMR (the predecessor to GIPS) firms. These firms were combined to form CAM-NA effective January 2001.

The linking of the historical track records of CBA, CBA-Inst., CAM-NA and CAM-NA's predecessor firms meets the portability requirements set forth by GIPS®.

The Institutional Diversified Large Cap Growth Composite consists of fully discretionary portfolios with a minimum net asset value of US \$1 million. All accounts within the composite are diversified and invested in issuers which demonstrate superior sales growth, earnings growth, return on equity and reinvestment rates. The portfolios will primarily invest in large cap companies but may invest in mid cap companies. Total assets in the composite at quarter end are \$156.3 million. Results are calculated in U.S. dollars and reflect realized and unrealized gains and losses, including those derived from cash positions.

CBA claims compliance with the Global Investment Performance Standards (GIPS®).

To receive a complete list and description of CBA composites and/or a presentation that adheres to the GIPS standards, please contact ClearBridge Institutional Marketing.

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