

## KEY FACTS

The ESG Investment Program applies Environmental, Social and Governance (ESG) integration, active company engagement and shareholder advocacy to ClearBridge Advisors' pure-style investment strategies<sup>2</sup>

### Portfolio Management Team:

Mary Jane McQuillen, Scott Glasser, Michael Kagan

### 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:

- Institutional ESG Appreciation portfolio management team has an average of 21 years of investment industry experience

**Benchmark:** S&P 500 Index

## OBJECTIVE:

Seeks long-term appreciation of shareholders' capital<sup>2</sup>

## PHILOSOPHY & STRATEGY

- The managers seek to provide long-term consistent and competitive risk-adjusted returns by balancing upside participation in good markets and trying to limit downside risk in difficult markets
- The managers invest in both growth and value stocks, primarily in large-cap, blue chip companies, with dominant market positions
- The managers use a disciplined valuation process that attempts to measure upside potential and downside exposure
- The managers integrate environmental, social and governance [ESG] factors into the stock selection process

## INVESTMENT PROCESS

**Step 1:**  
Define the Investment Universe

Emphasize domestic large-capitalization stocks

**Step 2:**  
Evaluate Stocks using  
Proprietary Discipline

Screen for high-quality companies with dominant market positions, proven management teams and superior balance sheets across all market sectors

**Step 3:**  
Select Securities and Construct  
Portfolio

Conduct fundamental research to identify companies with attractive growth characteristics relative to their valuation levels

**Step 4:**  
Review Holdings

Re-examine a current holding when valuation is realized, fundamentals deteriorate and/or cyclical shifts alter industry's attractiveness, or a decline in the social/environmental performance causes stock to violate screen

## KEY STRENGTHS

- Leverages the strength and tenure of the ClearBridge Advisors Institutional Strategies
- Over 20 years of history managing ESG Investment portfolios
- ESG analysts integrated into the Fundamental Research Platform
- Collaboration with the Team's sector-specific Research Analysts for full coverage of each stock
- Customization available based on client-specific guidelines/investment policy statement
- Active Proxy Voting according to ESG Proxy Voting Guidelines
- Access to ClearBridge ESG Investment management teams

## PORTFOLIO CHARACTERISTICS<sup>1</sup>

Characteristics	Representative Portfolio	S&P 500 Index
P/E Ratio (trailing 12 mos.)	16.0	15.4
P/E Ratio (forward 12 mos.)	13.6	13.5
Price/Book	3.3	3.2
EPS Growth Next 3-5 Years (%)	11.5	11.6
Weighted Median Market Cap (\$ bn)	62.9	56.9
Weighted Average Market Cap (\$ bn)	106.1	111.3
ROE	20.1	19.6
Dividend Yield	2.1	2.0

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

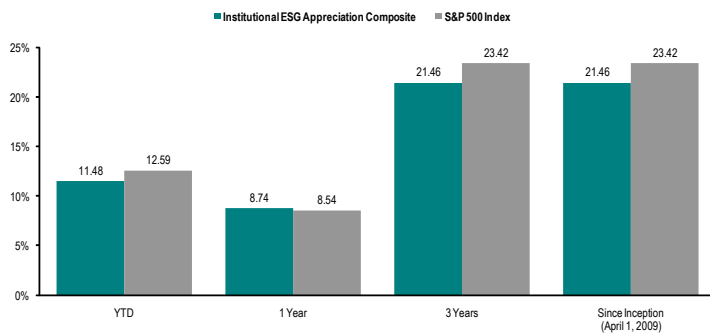
Sector	Representative Portfolio (%)	S&P 500 Index (%)	Relative Weight (%)
Information Technology	20.6	20.5	0.1
Financials	14.9	14.9	0.0
Consumer Discretionary	12.4	10.9	1.4
Consumer Staples	10.8	10.8	0.0
Health Care	9.8	11.4	-1.6
Industrials	9.0	10.6	-1.6
Energy	6.5	11.2	-4.7
Materials	5.7	3.5	2.2
Telecommunication Services	2.9	2.8	0.1
Utilities	2.7	3.4	-0.7
Cash	4.7	0.0	4.7

<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.

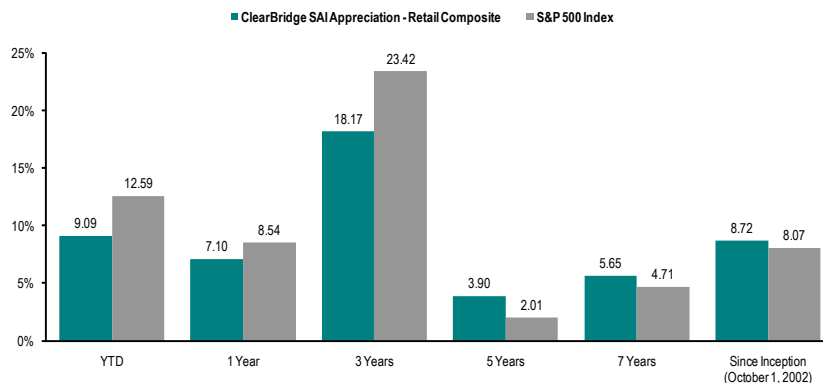
P/E ratios are weighted harmonic average. Price/Book is weighted average.

<sup>2</sup> There is no guarantee that the Portfolio's objective will be met.

## INSTITUTIONAL ESG APPRECIATION COMPOSITE AVERAGE ANNUAL TOTAL RETURNS (GROSS OF FEES)



## SUPPLEMENTAL SAI APPRECIATION PORTFOLIOS – RETAIL COMPOSITE (GROSS OF FEES)



Performance source: Internal.  
Benchmark source: Standard & Poor's. Past performance is no guarantee of future results.

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

### ENDNOTES:

	1 Year (ending 31-Mar-12)	3 Years (ending 31-Mar-12)	Since Inception (ending 31-Mar-12)
<b>Institutional ESG Appreciation</b>			
Annualized Returns:			
Net-of-fees	8.0%	20.7%	20.7%
Gross-of-fees	8.7%	21.5%	21.5%
S&P 500	8.5%	23.4%	23.4%

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

ClearBridge Advisors, LLC ("ClearBridge") offers institutional and retail investors a diverse menu of professional investment strategies, including equity strategies covering value, core and growth-oriented approaches across the major market capitalization ranges. ClearBridge encompasses all assets managed or advised on a discretionary or non-discretionary basis by ClearBridge Advisors, LLC. In June 2008, ClearBridge combined its separate institutional and retail firms to form a single GIPS firm, "ClearBridge". The two predecessor firms were "ClearBridge Advisors Institutional" and "ClearBridge Advisors Retail".

The Institutional ESG Appreciation Composite invests primarily in medium and large capitalization companies, but may also invest in small capitalization companies. The manager seeks investments among a strong core of growth and value stocks, consisting primarily of blue chip companies dominant in their industries. The managers actively integrate criteria inclusive of environmental, social and governance (ESG) issues into the portfolio construction of the strategy. The ESG Investment Program includes active company engagement for purposes of advocacy and improved corporate practices. Results are calculated in U.S. dollar. The S&P 500 Index is a broad-based measurement of changes in stock market conditions based on the average performance of 500 widely held common stocks.

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

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