

## KEY FACTS

**Portfolio Management Team:** Peter Bourbeau, Scott Glasser

### 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:** A seasoned management team whose portfolio managers average 20 years of investment industry experience

**Benchmark:** Russell 1000 Growth Index

## OBJECTIVE

Seeks long-term growth of capital <sup>2</sup>

## PHILOSOPHY & STRATEGY

The Large Cap Growth team believes that investing in a portfolio of large capitalization companies that have long-term, consistent earnings growth and unique competitive positions can generate steady capital growth and may help reduce volatility.

- Value added approach driven by fundamental analysis; due diligence; risk management; Focus on growth companies with strong fundamentals
- Focus on leadership positions in developed and expanding markets and are positioned to take market share
- Focus on companies with strong franchises that can be leveraged in new and existing markets

## INVESTMENT PROCESS

### Initial Universe

Companies with market capitalizations similar to companies in the Russell 1000 Growth Index

### Step 1:

Fundamental Research and Business Model Analysis

Identify companies that can sustain high growth rates and have competitive advantages and maintain sustainable margins

### Step 2:

Investment Valuation

Market based multiples and discounted cash flow approaches are related by the same determinants of value: Growth rate, Reinvestment rate, Discount rate (risk)

### Step 3:

Decision Making Process/Security Selection (Watch List)

Integrate fundamental and business model analysis with investment valuation to identify "best ideas"

### Step 4:

Portfolio Construction

Portfolio includes "best ideas" (typically 30-50 securities)

### Step 5:

Risk Management and Review/Sell Process

Monitor and manage portfolio risk  
Evaluate circumstances triggering review of a particular investment

## PORTFOLIO CHARACTERISTICS & RISK STATISTICS <sup>1,3</sup>

Characteristics	Representative Portfolio	Russell 1000 Growth Index
P/E Ratio (trailing 12 mos.)	17.1	15.7
P/E Ratio (forward 12 mos.)	14.8	14.3
Price/Book	3.4	4.5
EPS Growth Next 3-5 Years (%)	14.7	14.2
Weighted Median Market Cap (\$ bn)	52.8	36.3
Weighted Average Market Cap (\$ bn)	77.6	96.4
ROE	19.0	26.6
Dividend Yield	1.3	1.6

3 Year Risk Statistics	Composite	Russell 1000 Growth Index
Standard Deviation (%)	18.08	18.01
Sharpe Ratio	0.92	1.01
Tracking Error (%)	4.51	--
R <sup>2</sup>	0.94	--
Alpha (%)	-0.91	--
Beta	0.97	--

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

Security	(%) of Total Representative Portfolio
Google Inc. (CI A)	4.20
Visa Inc.	3.61
Celgene Corp.	3.51
Home Depot Inc.	3.38
Amazon.com Inc.	3.32
eBay Inc.	3.28
CVS Caremark Corp.	3.21
Biogen Idec Inc.	3.08
Blackrock Inc.	3.02
Microsoft Corp.	2.90
<b>Total</b>	<b>33.50</b>
<b>Total Number of Holdings</b>	<b>45</b>

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

Sector	Representative Portfolio (%)	Russell 1000 Growth Index (%)	Relative Weight (%)
Information Technology	34.2	28.0	6.2
Consumer Discretionary	15.7	14.2	1.5
Consumer Staples	12.4	12.8	-0.4
Health Care	11.9	10.7	1.2
Energy	8.4	11.1	-2.7
Industrials	8.0	12.7	-4.7
Financials	6.8	4.2	2.6
Materials	2.2	5.3	-3.1
Telecommunication Services	0.0	0.9	-0.9
Utilities	0.0	0.1	-0.1
Cash	0.4	0.0	0.4

<sup>1</sup> Source: FactSet. Representative portfolio characteristics, holdings, sector weightings and market capitalization are based on a representative portfolio and are subject to change at any time. Holdings, sector weightings, market capitalization 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.

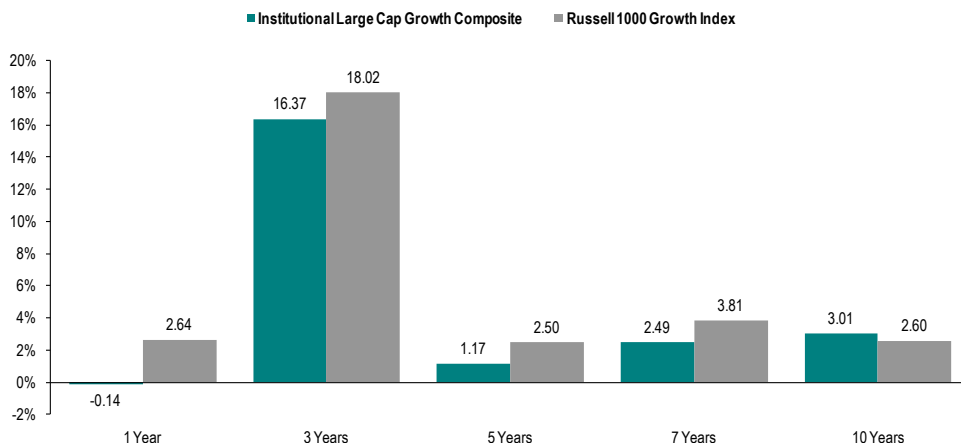
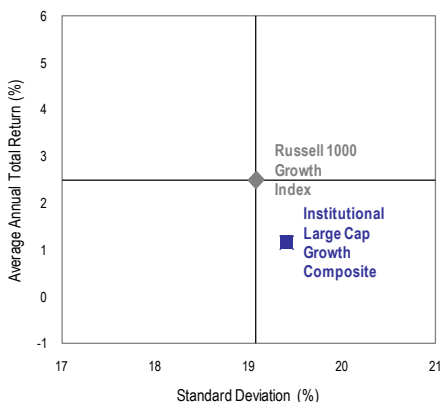
<sup>2</sup> There is no guarantee that the Portfolio's objective will be met.

<sup>3</sup> Past performance is no guarantee of future results. Please see GIPS endnotes.

## INSTITUTIONAL LARGE CAP GROWTH COMPOSITE AVERAGE ANNUAL TOTAL RETURN (GROSS OF FEES)

As of December 31, 2011

### 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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#### ClearBridge Advisors, LLC

620 Eighth Ave., 48th Floor  
New York, New York 10018  
Phone: 1-800-691-6960

[www.ClearBridgeAdvisors.com](http://www.ClearBridgeAdvisors.com)

#### ENDNOTES:

##### Institutional Large Cap Growth

##### Annualized Returns:

Net-of-fees  
Gross-of-fees  
Russell 1000 Growth

##### ClearBridge Advisors

	1 Year (ending 31-Dec-11)	3 Years (ending 31-Dec-11)	5 Years (ending 31-Dec-11)	10 Years (ending 31-Dec-11)
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Net-of-fees	-0.8%	15.6%	0.5%	2.1%
Gross-of-fees	-0.1%	16.4%	1.2%	3.0%
Russell 1000 Growth	2.6%	18.0%	2.5%	2.6%

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 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 Large Cap Growth Composite consists of fully discretionary accounts with an account minimum of US \$1 million (prior to June 08, the account minimum was \$10 million). All accounts within the composite are invested in issuers that demonstrate high earnings growth rates. All accounts within the composite are primarily invested in large-capitalization U.S. equities, with an objective of outperforming the Russell 1000 Growth Index. Total assets in the composite at quarter end are \$968.1 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.