

KEY FACTS

Portfolio Management Team: Peter Hable, Senior Portfolio Manager

Mark Bourguignon

Mark Feasey, CFA

Marina Chinn, CFA

Michael Kang

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: Peter has 28 years of investment industry experience and is supported by a team of portfolio managers and analysts.

Benchmark: Russell 2000 Value Index

OBJECTIVE

The Small Cap Value strategy seeks long-term capital appreciation through investment in small-cap stocks representing industries and market sectors which are selling at attractive valuations. The strategy aims to outperform the Russell 2000 Value Index over a full market cycle.²

PHILOSOPHY & STRATEGY

- The portfolio managers believe that a carefully executed portfolio of small companies with attractive valuations, returns on investment exceeding cost of capital and strong free cash flow generation, can potentially deliver strong long-term returns to investors.
- The portfolio managers invest at least 80% of net assets in U.S. companies with relatively small market capitalizations, representing several industries and market sectors.
- The portfolio managers:
 - emphasize individual security selection while spreading the portfolio's investments among industries and sectors
 - look for "value" attributes, such as low stock price relative to earnings, book value and cash flow, and high return on invested capital

INVESTMENT PROCESS

Initial Universe Russell 2000 Index	2,000 small capitalization companies
Step 1: Quantitative Screening	Narrow the initial universe for screening to 250-300 companies
Step 2: Technical Analysis	A confirmed list of 250-300 securities requiring fundamental research
Step 3: Fundamental Review	Narrow to a list of investable candidates by capitalization and attractiveness
Step 4: Portfolio Construction	Typical portfolio of 100-120 securities*
Step 5: Risk Management & Review/Sell Process	Monitor and manage portfolio risk

¹ 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.

² There is no guarantee that the Portfolio's objective will be met.

³ Past performance is no guarantee of future results. Please see GIPS endnotes.

PORTFOLIO CHARACTERISTICS & RISK STATISTICS^{1,3}

Characteristics	Representative Portfolio	Russell 2000 Value Index
P/E Ratio (trailing 12 mos.)	15.6	12.6
P/E Ratio (forward 12 mos.)	15.1	14.1
Price/Book	1.7	1.4
EPS Growth Next 3-5 Years (%)	12.5	10.7
Weighted Median Market Cap (\$ bn)	1.4	0.9
Weighted Average Market Cap (\$ bn)	1.7	1.1
ROE	10.5	6.8
Dividend Yield	1.4	2.3

3 Year Risk Statistics	Composite	Russell 2000 Value Index
Standard Deviation (%)	27.04	26.42
Sharpe Ratio	0.71	0.57
Tracking Error (%)	4.16	--
R ²	0.98	--
Alpha (%)	3.98	--
Beta	1.01	--

TOP TEN HOLDINGS¹

Security	(%) of Total Representative Portfolio
Allied World Assurance Co. Holdings Ltd.	2.87
iShares Russell 2000 Value Index Fund	2.56
Signature Bank	2.17
Plantronics Inc.	2.05
Children's Place Retail Stores Inc.	1.81
Teradyne Inc.	1.78
Affiliated Managers Group Inc.	1.76
Pebblebrook Hotel Trust	1.75
Meadowbrook Insurance Group Inc.	1.71
Genesee & Wyoming Inc. Cl A	1.54
Total	20.00
Total Number of Holdings	128

SECTOR WEIGHTINGS¹

Sector	Representative Portfolio (%)	Russell 2000 Value Index (%)	Relative Weight (%)
Financials	35.7	36.8	-1.1
Industrials	18.2	14.8	3.5
Information Technology	10.4	10.9	-0.6
Consumer Discretionary	8.7	11.7	-3.0
Materials	7.0	4.9	2.2
Energy	6.2	4.6	1.6
Utilities	4.5	7.3	-2.7
Health Care	3.7	5.3	-1.6
Consumer Staples	2.7	3.1	-0.4
Unassigned	2.6	0.0	2.6
Telecommunication Services	0.0	0.6	-0.6
Cash	0.2	0.0	0.2

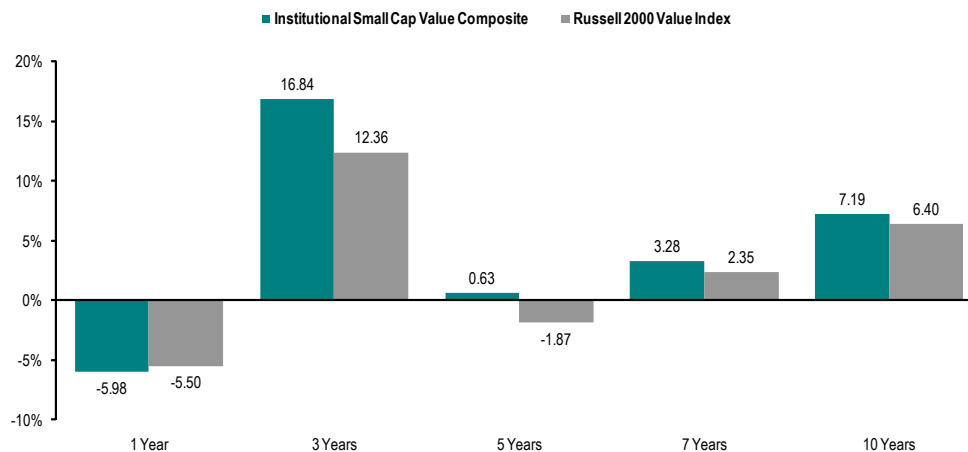
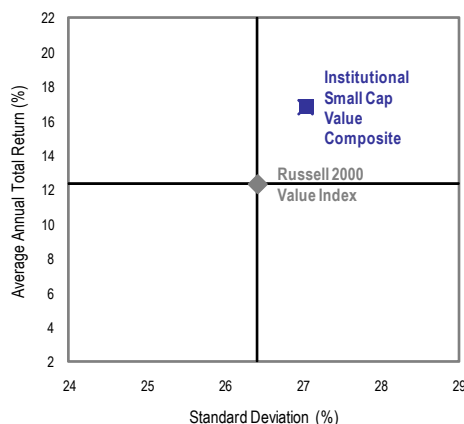
*Actual number of portfolio holdings will vary.

**Unassigned is an index fund.

INSTITUTIONAL SMALL CAP VALUE 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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ENDNOTES:

Institutional Small Cap Value

Annualized Returns:

	1 Year (ending 31-Dec-11)	3 Years (ending 31-Dec-11)	5 Years (ending 31-Dec-11)	10 Years (ending 31-Dec-11)
Net-of-fees	-6.8%	15.9%	-0.2%	6.1%
Gross-of-fees	-6.0%	16.8%	0.6%	7.2%
Russell 2000 Value	-5.5%	12.4%	-1.9%	6.4%

ClearBridge Advisors

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 Small Cap Value 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 primarily invested in common stocks and other equity securities of smaller U.S. companies that the managers believe are undervalued relative to the market. Total assets in the composite at quarter end are \$485.5 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.