

## Investment overview

ClearBridge Small Cap Portfolios systematically and actively seek investments in small-cap equities that offer the potential for long-term capital appreciation.

## Investment objective

Long-term capital appreciation

## Investment philosophy

- Valuation driven process: markets are not always efficient. Our process seeks investment opportunities where the price of the stock and the value of the corporation differ.
- Team based: exploit behavioral errors. Our cognitively diverse team looks to improve the questions we ask and the assumptions we make about each investment.
- Diversification: in pursuit of the goal of building a resilient portfolio.

## Portfolio positioning

- Designed for investors seeking long-term capital appreciation.
- The strategy seeks to offer a high active share investment approach to its stock selection.
- Invests in stocks of small-cap companies whose market price appears attractive in relation to manager's assessment of their intrinsic value.

## Key differentiators

- Repeatable, proprietary process designed to form explicit variant perceptions relative to expectations embedded in the stock price
- Team-driven approach that leverages cognitive diversity in order to improve the questions we ask and assumptions we make
- Diversification across a multitude of vectors (sectors, industries, economic drivers, quantitative characteristics, etc.) with the goal of building a resilient portfolio — one that can outperform in a variety of market conditions

## Management team

ClearBridge Investments is a well-established global investment manager focusing on proprietary research and fundamental investing. With over 60 years of experience building portfolios for clients seeking income solutions, high active share or low volatility, long-tenured portfolio managers provide strong leadership in a centralized investment structure.

## Investment management team

**Albert Grosman**  
**Managing Director**  
Portfolio Manager  
Industry since 1993

**Brian Lund, CFA**  
**Managing Director**  
Portfolio Manager  
Industry since 1999

Active share is a measure of the percentage of stock holdings in a manager's portfolio that differs from the benchmark index.

## Investment process

### STEP 1

#### Generate ideas

- Source ideas systematically using a variety of quantitative and qualitative tools.

### STEP 2

#### Analyze securities

- Analyze industry structure and competitive position.
- Evaluate management, ROIC versus the cost of capital, and free cash flow potential
- Understand the expectations embedded in the current stock price.
- Develop a range of potential future values using multiple valuation approaches.

### STEP 3

#### Make decisions, seeking to balance risk and return

- Select stocks based on impact to the Portfolio's overall risk-adjusted returns.
- Weight positions based on the risk of capital impairment, diversification characteristics that a position brings to the portfolio and potential for value appreciation.
- Actively manage weights based on 3- to 5-year return potential.

The investment process may change over time. The characteristics set forth above are intended as a general illustration of some of the criteria the strategy team considers in selecting securities for client portfolios. There is no guarantee that investment objectives will be achieved.

## Portfolio Information†

As of March 31, 2025

### Top Ten Holdings (%)

	Portfolio
Corcept Therapeutics Inc	3.23
Murphy USA Inc	2.52
Verona Pharma PLC	1.98
Home BancShares Inc/AR	1.97
Euronet Worldwide Inc	1.87
Bank OZK	1.82
Wintrust Financial Corp	1.81
Portland General Electric Co	1.61
Matador Resources Co	1.59
Prestige Consumer Healthcare Inc	1.59
<b>Total</b>	<b>20.00</b>

### Sector Weightings (%)

	Portfolio	BM
Financials	19.19	19.79
Health Care	14.62	16.74
Industrials	14.17	17.65
Consumer Discretionary	10.08	9.12
Information Technology	9.75	12.32
Real Estate	6.50	6.45
Materials	6.19	3.88
Energy	5.52	5.11
Utilities	3.70	3.17
Communication Services	3.53	2.61
Consumer Staples	2.73	3.18
Cash & Cash Equivalents	4.02	0.00

### Market Capitalization (%)

	Portfolio	BM
<2.5 Billion	32.35	41.68
2.5-5 Billion	37.21	37.59
5-10 Billion	26.46	18.05
>10 Billion	3.98	2.68

### Characteristics

	Portfolio	BM
Number of Issuers	92	1,953
Estimated 3-5 Year EPS Growth	12.68%	13.42%
Price to Earnings (12-Month Forward)	13.32x	14.73x
Price to Book	2.27x	2.65x
Dividend Yield	1.67%	1.47%
Median Market Cap (Millions USD)	\$3,362	\$3,002
Weighted Average Market Capitalization (Millions USD)	\$3,961	\$3,405

†Source: FactSet. Portfolio characteristics listed are based on a model portfolio, not an actual client account. The model portfolio is a hypothetical portfolio whereby the portfolio characteristics are based on simulated trading and account activity of a client account invested in this strategy. The model portfolio assumes no withdrawals, contributions or client-imposed restrictions. Portfolio characteristics of individual client accounts may differ from those of the model portfolio as a result of account size, client-imposed restrictions, the timing of client investments, market conditions, contributions, withdrawals and other factors.

## Performance

### Annualized Rates of Return – Pure Gross and Net of Fees (%) as of March 31, 2025 – PRELIMINARY – (Inception date: 11/1/2015)

	1 Mth	3 Mths	YTD	1 Year	3 Year	5 Year	7 Yrs	Since Incept
Small Cap –Pure Gross of Fees—(USD)	-5.01	-5.53	-5.53	-0.67	0.22	13.89	5.41	8.27
Small Cap –Net of Fees—(USD)	-5.25	-6.24	-6.24	-3.57	-2.71	10.59	2.34	5.13
Russell 2000 Index—(USD)	-6.81	-9.48	-9.48	-4.01	0.52	13.27	5.41	7.47

### Calendar-Year Total Returns – Pure Gross and Net of Fees (%) ending December 31

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Small Cap –Pure Gross of Fees—(USD)	8.57	17.62	-19.61	18.00	2.99	32.83	-8.19	13.69	32.51
Small Cap –Net of Fees—(USD)	5.42	14.23	-22.01	14.60	-0.04	29.04	-10.90	10.41	28.73
Russell 2000 Index—(USD)	11.54	16.93	-20.44	14.82	19.96	25.52	-11.01	14.65	21.31

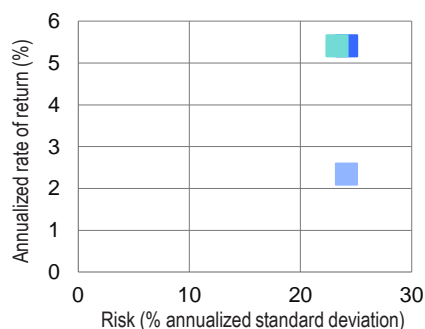
The strategy returns shown are preliminary composite returns, subject to future revision (downward or upward). Past performance is not a guarantee of future results. An investment in this strategy can lose value. Please visit [www.franklintempleton.com](http://www.franklintempleton.com) for the latest performance figures. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

<sup>1</sup> **Fees:** Periods less than one year are not annualized. Performance results are for the composite which includes all actual, fully discretionary accounts with substantially similar investment policies and objectives managed to the composite's investment strategy. Composite returns are stated in U.S. dollars and assume reinvestment of any dividends, interest income, capital gains, or other earnings. The composite may include account(s) that are gross of fees and pure gross of fees. "Pure" gross-of-fee returns do not reflect the deduction of any expenses, including transaction costs. A traditional (or "true") gross-of-fee return reflects performance after the reduction of transaction costs but before the reduction of the investment advisory fee. The gross-of-fee return may include a blend of "true" gross-of-fee returns for non-wrap accounts and "pure" gross-of-fee returns for wrap accounts. Net-of-fee returns is reduced by a model "wrap fee" (3.0% is the maximum anticipated wrap fee for equity and balanced portfolios) which includes trading expenses as well as investment management, administrative and custodial fees. The model wrap fee used represents the highest anticipated wrap fee applicable to the strategy. Actual fees and account minimums may vary.

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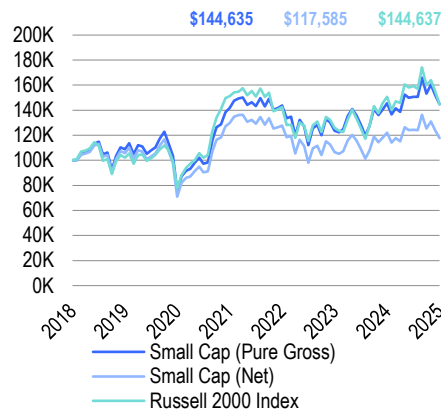
### Performance Statistics <sup>1</sup> Preliminary (based on 7-year period ending March 31, 2025)

#### Risk/Return profile (%)

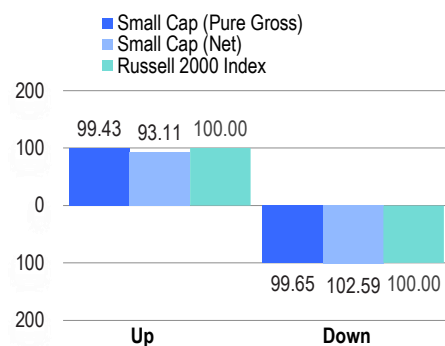


<b>Small Cap (Pure Gross)</b>	
Annualized Return (%)	5.41
Annualized Standard Deviation (%)	24.16
<b>Small Cap (Net)</b>	
Annualized Return (%)	2.34
Annualized Standard Deviation (%)	24.16
<b>Russell 2000 Index</b>	
Annualized Return (%)	5.41
Annualized Standard Deviation (%)	23.29

#### Growth of \$100,000\*



#### Up/Down market capture ratios (%)



#### Modern portfolio statistics

	Portfolio (Pure gross)	Portfolio (Net)	BM
Sharpe Ratio	0.24	0.12	0.24
Beta	1.01	1.01	N/A
Alpha (%)	0.22	-2.71	N/A
R-Squared	0.94	0.94	N/A

	(+) Months	(-) Months
Pure Gross:	50	34
Net:	50	34

<sup>1</sup> Source: Franklin Templeton.

\*For illustrative purposes only. Assumes no withdrawals or contributions. These statistics are based on pure gross and net-of-fees quarterly composite returns, were calculated assuming reinvestment of dividends and income, and take into account both realized and unrealized capital gains and losses.

Performance results are for the composite which includes all actual, fully discretionary accounts with substantially similar investment policies and objectives managed to the composite's investment strategy. Composite returns are stated in U.S. dollars and assume reinvestment of any dividends, interest income, capital gains, or other earnings. The composite may include account(s) that are gross of fees and pure gross of fees. "Pure" gross-of-fee returns do not reflect the deduction of any expenses, including transaction costs. A traditional (or "true") gross-of-fee return reflects performance after the reduction of transaction costs but before the reduction of the investment advisory fee. The gross-of-fee return may include a blend of "true" gross-of-fee returns for non-wrap accounts and "pure" gross-of-fee returns for wrap accounts. Net-of-fee returns is reduced by a model "wrap fee" (3.0% is the maximum anticipated wrap fee for equity and balanced portfolios) which includes trading expenses as well as investment management, administrative and custodial fees. The model wrap fee used represents the highest anticipated wrap fee applicable to the strategy. Actual fees and account minimums may vary.

## Terms and definitions:

**Dividend yield** is determined by dividing a stock's annual dividends per share by the current market price per share. Dividend yield is a financial ratio that shows how much a company pays out in dividends.

**P/E (Year 1)** is the previous day's closing price of the stock divided by the consensus earnings per share (EPS) of fiscal year 1 (FY1) provided by I/B/E/S. Forecasts are inherently limited and should not be relied upon as indicators of future performance.

The **price-to-book ratio (P/B)** is a stock's price divided by the stock's per share book value. Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of a common stock.

**Weighted median market capitalization** represents the value at which half the portfolio's market capitalization weight falls above, and half falls below.

**Weighted average market capitalization** represents the average value of the companies held in the portfolio. When that figure is weighted, the impact of each company's capitalization on the overall average is proportional to the total market value of its shares.

**Market capitalization** measures the number of outstanding common shares of a given corporation multiplied by the latest price per share.

**Standard deviation** measures the risk or volatility of an investment's return over a particular time period; the greater the number, the greater the risk.

The **up-capture ratio** measures the manager's overall performance to the benchmark's overall performance, considering only quarters that are positive in the benchmark. An up-capture ratio of more than 100 indicates a manager who outperforms the relative benchmark in the benchmark's positive quarters.

The **down-capture ratio** is the ratio of the manager's overall performance to the benchmark's overall performance, considering only quarters that are negative in the benchmark. A down-capture ratio of less than 100 indicates a manager who outperforms the relative benchmark in the benchmark's negative quarters and protects more of a portfolio's value during down markets.

**Alpha** is a measure of performance vs. a benchmark on a risk-adjusted basis. A positive alpha of 1.0 means the portfolio has outperformed its benchmark index by 1%. Correspondingly, a similar negative alpha would indicate an underperformance of 1%. Alpha is a measure of the difference between actual returns and expected performance measuring sensitivity to index movements.

**Beta** measures the sensitivity of an investment to the movement of its benchmark. A beta higher than 1.0 indicates the investment has been more volatile than the benchmark and a beta of less than 1.0 indicates that the investment has been less volatile than the benchmark.

**Sharpe ratio** is a risk-adjusted measure, calculated using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe ratio, the better a portfolio's historical risk-adjusted performance.

**R-squared** measures the strength of the linear relationship between a fund and its benchmark. R-squared at 1.00 implies perfect linear relationship and zero implies no relationship exists.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe. Source: FTSE.

## What are the risks?

**All investments involve risks, including possible loss of principal. Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks.

**International investments** are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in **emerging markets**.

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