

# CLEARBRIDGE LARGE CAP GROWTH ESG CATHOLIC PORTFOLIOS

## Investment overview

The ClearBridge Large Cap Growth ESG Catholic Portfolios are designed for investors seeking long-term capital appreciation aligned with Catholic values, investing in large-capitalization companies with the potential for high future earnings growth.

**The ESG Investment Program actively incorporates environmental, social and governance (ESG) factors into the fundamental research platform and the stock-selection process. In addition, ongoing company engagement and shareholder advocacy are key components of the Program.**

A few examples of the ESG considerations include:

- Innovative workplace policies, employee benefits and programs
- Environmental management system strength, eco-efficiency and life-cycle analysis
- Community involvement, strategic philanthropy and reputation management
- Strong corporate governance and independence on the board

ClearBridge is a Signatory to the UN Principles for Responsible Investment, and is affiliated with the Investor Network on Climate Risk, the Carbon Disclosure Project, the Interfaith Center on Corporate Responsibility, the Global Impact Investing Network, and the US Forum for Sustainable and Responsible Investment.

## Investment objective

Seeks to:

- Focus on consistent growth of capital while managing volatility
- Outperform the Russell 1000 Growth Index<sup>1</sup> over a full market cycle, and with less potential risk
- Perform well in rising markets and outperform the Russell 1000 Growth Index in declining markets
- Actively evaluate a company's "non-financial" drivers of business performance to gauge its level of social awareness and consistency with Catholic values

## Investment philosophy

- Invest in leadership companies where we believe the market price underestimates the magnitude of future growth
- Use stock selection as the primary driver – identify category leaders with characteristics to sustain that position
- Find secular tailwinds to support multi-year investment opportunities, allowing for compounding of earnings and cash flow
- Perform rigorous analysis to understand company fundamentals, key competitive dynamics and industry structure

**Believe that the best business models win over time**

- Identify barriers to entry and prefer companies with innovation prowess, regardless of size

- Look for businesses that protect and grow market share consistently

- Gravitate to self-funding business models with significant recurring revenue

**Seek businesses with the ability to generate superior free cash flow over time**

- Stress test the sustainability of profitability and growth

**Take a disciplined approach to valuation**

## Key differentiators

- High-conviction, concentrated, low-turnover approach
- Bottom-up driven investment decision
- Diversification across growth spectrum (cyclical, stable, select)

## Management team

ClearBridge Investments is a well-established global investment manager focusing on proprietary research and fundamental investing. With over 50 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

**Peter Bourbeau,**  
*Managing Director*

- Portfolio Manager
- Industry since 1991

**Mary Jane McQuillen,**  
*Managing Director*

- Portfolio Manager
- Head of ESG
- Industry since 1996

**Margaret Vitrano,**  
*Managing Director*

- Portfolio Manager
- Industry since 1996

**Risks:** All investments involve risk, including loss of principal and there is no guarantee that investment objectives will be met.

While most investments are in U.S. companies, investments may also be made in ADRs and other securities of non-U.S. companies in developed and emerging markets which involve risks in addition to those ordinarily associated with investing in domestic securities, including the potentially negative effects of currency fluctuation, political and economic developments, foreign taxation and differences in auditing and other financial standards. These risks are magnified in emerging markets.

The managers' environmental social and governance (ESG) investment strategies may limit the types and number of investment opportunities available and, as a result, may underperform strategies that are not subject to such criteria.

<sup>1</sup> The Russell 1000 Growth (R1000G) Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000 Index measures the performance of the 1,000 largest companies in the Russell 3000 Index, and represents approximately 92% of the total market capitalization of the Russell 3000 Index. Investors cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges. Dividends are subject to reinvestment.

## ClearBridge ESG Investment Program

### Guidelines for Catholic Issues Screening

The Clearbridge Large Cap Growth ESG Catholic Portfolios are managed in a manner that is consistent with the socially responsible investment guidelines of the United States Conference of Catholic Bishops (USCCB).

#### All of the following screens are applied to exclude companies\*:

- Involved in the provision of abortion services
- Involved in the manufacture of contraceptive products
- That conduct medical research using human embryonic stem cells and/or fetal tissue
- Which derive a significant portion of revenues from production of weapons, nuclear power, adult entertainment, tobacco products, alcoholic beverages, and gambling services
- With an ongoing record of significant controversies, suits and/or fines based on gender, race, age or religion
- That have alignments with governments associated with human rights abuses or repressive regimes

Additionally, upon a client's request the portfolios can exclude companies that conduct medical research using replicated cells derived from fetal cell lines (a more conservative interpretation of this restriction favored by some investors).

### Investment process

## STEP 1

#### Idea generation

- Sector analysts and PMs each propose companies with attractive business models and good long-term growth prospects for further review.
- Idea generation is an ongoing and continual process.

## STEP 2

#### Fundamental analysis

- Analysts and PMs work together to understand the durability of a company's growth and profit.
- Meet with target company management, competitors and industry experts.
- Determine appropriate entry price.

## STEP 3

#### Portfolio construction

- Own companies with a range of growth and volatility.
- Monitor sector weightings and correlations among current holdings.

## STEP 4

#### Risk management/ Evaluation discipline

Assess risk regularly, and re-examine a current holding when fundamentals decline, full value is reached, or a decline in company's social/environmental performance causes it to violate social and Catholic values screens.

## Performance

#### Annualized rates of return - pure gross and net of fees (%) as of June 30, 2021 - PRELIMINARY

	Jun '21	Q2 '21	YTD	1-year	3-year	5-year	7-year
Large Cap Growth ESG Catholic (pure gross)	4.23	11.01	11.44	37.41	22.88	22.27	18.58
Large Cap Growth ESG Catholic (net)	3.98	10.22	9.83	33.50	19.34	18.75	15.17
Russell 1000 Growth Index (USD)	6.27	11.93	12.99	42.50	25.14	23.66	18.56
S&P 500 Index (USD)	2.33	8.55	15.25	40.79	18.67	17.65	14.10

#### Calendar-year total returns - pure gross and net of fees (%) ending December 31

	2020	2019	2018	2017	2016	2015	2014	2013
Large Cap Growth ESG Catholic (pure gross)	33.95	32.16	0.28	26.83	9.45	10.01	15.04	36.50
Large Cap Growth ESG Catholic (net)	30.12	28.39	-2.65	23.19	6.28	6.82	11.72	32.61
Russell 1000 Growth Index (USD)	38.49	36.39	-1.51	30.21	7.08	5.67	13.05	33.48
S&P 500 Index (USD)	18.40	31.49	-4.38	21.83	11.96	1.38	13.69	32.39

**The strategy returns shown are preliminary composite returns, subject to future revision (downward or upward). Please visit [www.leggmason.com](http://www.leggmason.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.**

**Fees:** Returns for periods less than one year are not annualized. Pure gross of fee returns do not reflect the deduction of any expenses, including transaction costs. Net performance includes the deduction of a 3.0% annual wrap fee, which is the maximum anticipated wrap fee for equity and balanced portfolios. Actual fees vary. For fee schedules, contact your financial professional, or if you enter into an agreement directly with Legg Mason Private Portfolio Group (LMPPG), refer to LMPPG's Form ADV disclosure document. Returns reflect the reinvestment of dividends and other earnings. All performance is reported in US dollars.

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.

**Past performance is not a guarantee of future results. To obtain specific information on available products and services or a GIPS® Report, contact your Franklin Templeton separately managed account sales team at (800) 822-8464. ClearBridge Investments, LLC claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.**

Management and performance of individual accounts may vary for reasons that include the existence of different implementation practices and model requirements in different investment programs.

\* Screening generally involves the exercise of discretion by the ESG team and is based on company and/or other information believed to be reliable, although the accuracy and completeness of such information cannot be guaranteed.

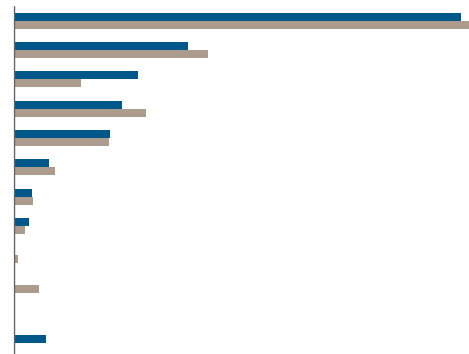
## Portfolio information<sup>1</sup> as of June 30, 2021

### Top ten equity holdings (%)

	Portfolio
Amazon.com Inc	8.30
Facebook Inc	6.82
Microsoft Corp	5.80
Apple Inc	4.91
Visa Inc	4.44
NVIDIA Corp	3.62
salesforce.com Inc	3.31
Adobe Inc	3.18
QUALCOMM Inc	2.97
United Parcel Service Inc	2.76
<b>Total</b>	<b>46.11</b>

### Sector weightings (%)

	Portfolio	BM
Information Technology	42.82	44.10
Consumer Discretionary	16.58	18.50
Industrials	11.82	6.37
Communication Services	10.25	12.63
Health Care	9.16	9.07
Consumer Staples	3.26	3.88
Real Estate	1.69	1.74
Materials	1.37	1.03
Energy	0.00	0.33
Financials	0.00	2.33
Utilities	0.00	0.03
Cash	3.05	0.00



### Characteristics

	Portfolio	BM
Number of Holdings	43	499
Dividend Yield	0.61	0.70
Forecasted P/E Ratio -1 Year	31.08	31.39
Price/Book Ratio	14.11	17.77
Long-Term EPS Growth	20.47	20.38
Weighted Median Market Capitalization	198.27	243.94
Weighted Average Market Capitalization	558.63	759.23

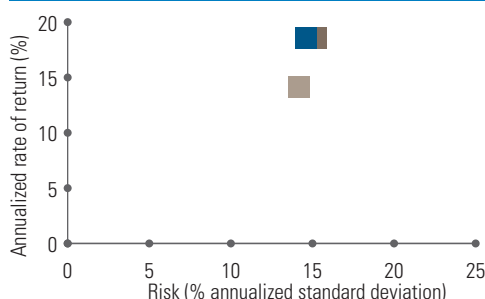
### Market capitalization (%)

	Portfolio	BM
Above \$50B	78.28	80.27
\$25 - \$50B	10.92	10.09
\$10 - \$25B	10.09	7.31
\$3 - \$10B	0.71	2.30
0 - \$3B	0.00	0.03



## Performance statistics (pure gross of fees)<sup>2</sup> — Preliminary (based on 7-year period ended June 30, 2021)

### Risk/return profile (%)



#### Large Cap Growth ESG Catholic

Rate of return	18.58
Standard deviation	14.63

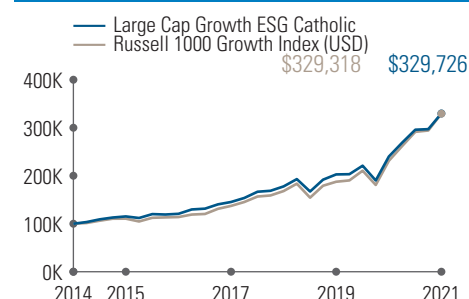
#### Russell 1000 Growth Index (USD)

Rate of return	18.56
Standard deviation	15.24

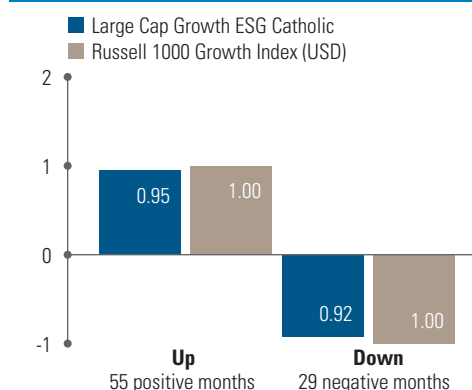
#### S&P 500 Index (USD)

Rate of return	14.10
Standard deviation	14.18

### Growth of \$100,000<sup>3</sup>



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



### Modern portfolio statistics

Alpha	1.14
Beta	0.93
Sharpe ratio	1.19
R-Squared	0.94

The strategy returns shown are preliminary composite returns, subject to future revision (downward or upward). Please visit [www.leggmason.com](http://www.leggmason.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> Source: FactSet. Portfolio characteristics 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.

<sup>2</sup> Source: Franklin Resources, Inc.

<sup>3</sup> For illustrative purposes only. Assumes no withdrawals or contributions. These statistics are based on pure gross-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.

At Franklin Templeton, everything we do has a single focus: to deliver better client outcomes.

- We have deep expertise across equity, fixed income, alternatives, multi-asset solutions and cash strategies
- We offer an unmatched range of specialist investment managers, consisting of more than 1,300 investment professionals
- Over 70 years of experience in identifying opportunities and delivering investment solutions to clients.

#### 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 1.0 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 1.0 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.

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

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. Investors cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges. The index is not managed and not subject to management or brokerage commissions. Dividends are subject to reinvestment.

**Any information, statement or opinion set forth herein is general in nature, is not directed to or based on the financial situation or needs of any particular investor, and does not constitute, and should not be construed as, investment advice, forecast of future events, a guarantee of future results, or a recommendation with respect to any particular security or investment strategy or type of retirement account. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies should consult their financial professional.**

Separately Managed Accounts (SMAs) are investment services provided by Legg Mason Private Portfolio Group, LLC (LMPPG), a federally registered investment advisor. Client portfolios are managed based on investment instructions or advice provided by one or more of the following Franklin Templeton affiliated subadvisors: ClearBridge Investments, LLC. Management is implemented by LMPPG, the designated subadvisor or, in the case of certain programs, the program sponsor or its designee.

**These materials are being provided for illustrative and informational purposes only. The information contained herein is obtained from multiple sources that are believed to be reliable. However, such information has not been verified, and may be different from the information included in documents and materials created by the sponsor firm in whose investment program a client participates. Some sponsor firms may require that these materials be preceded or accompanied by investment profiles or other documents or materials prepared by such sponsor firms, which will be provided upon request. For additional information, documents and/or materials, please speak to your Financial Professional or contact your sponsor firm.**