ClearBridge Investments

Economic and Market Outlook

First Quarter 2022

Investment Products: Not FDIC Insured • No Bank Guarantee • May Lose Value

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S&P 500 & Panic Attacks

"The definition of insanity is doing the same thing over and over again and expecting a different result."
- Attributed to Albert Einstein

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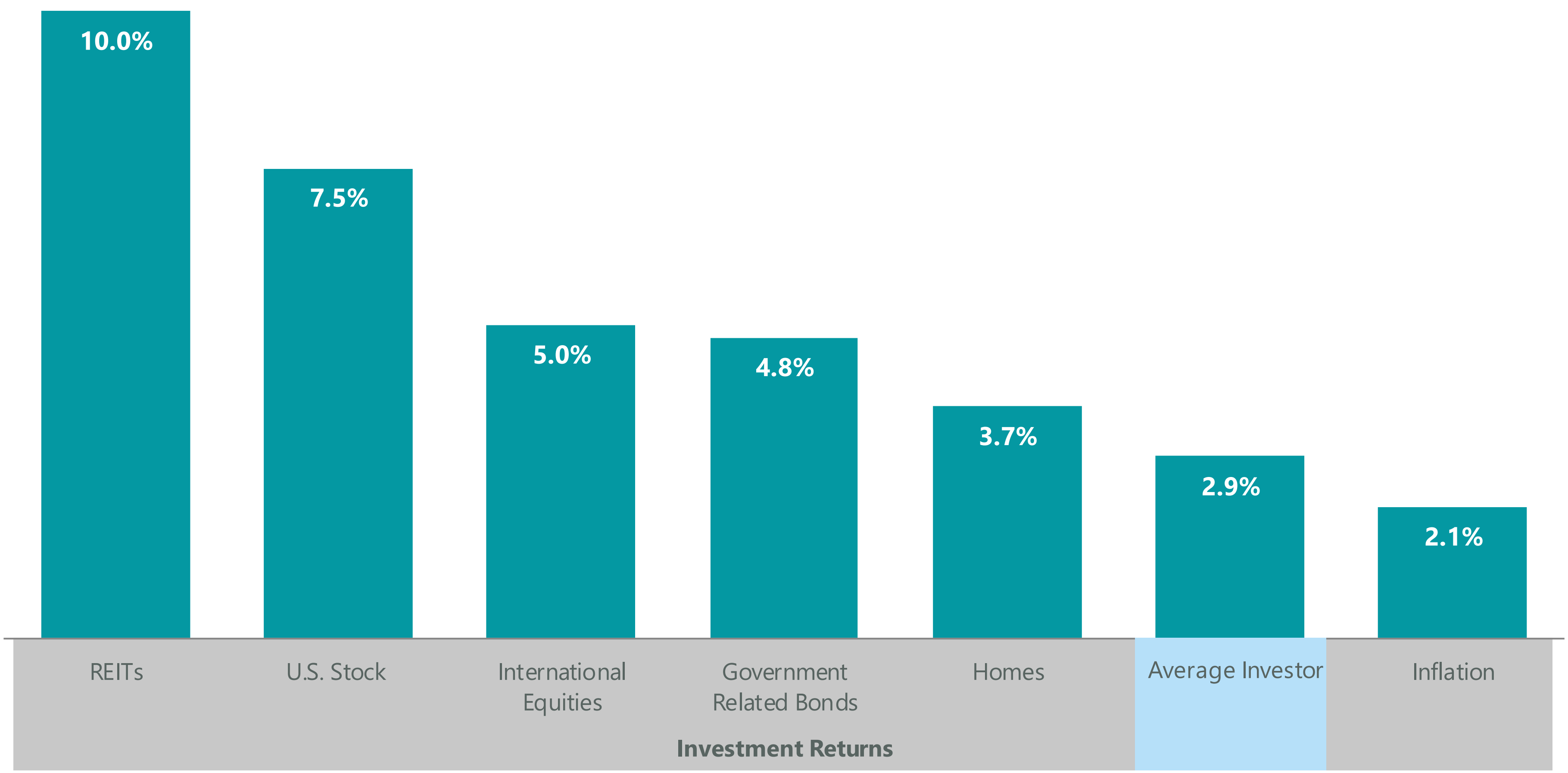
Data as of Dec. 31, 2021. Source: Standard & Poor's. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Effects of Panic Attacks on Average Investors

20 Years Annualized Returns (2001-2020)



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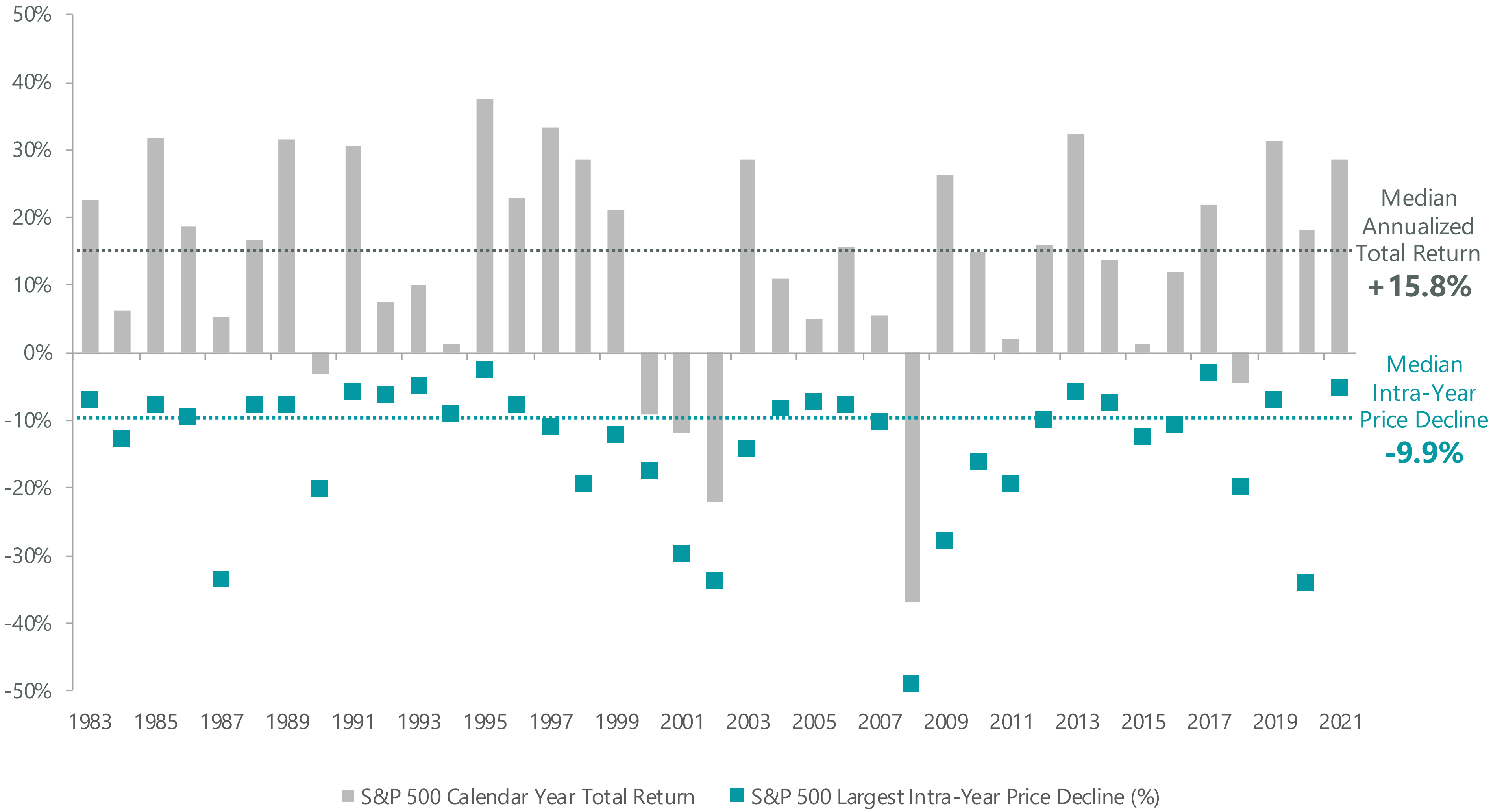
Source: Bloomberg, June 30, 2021. Average asset allocation investor return is based on an analysis by DALBAR, Inc., which utilizes the net of aggregate mutual fund sales, redemptions and exchanges each month as a measure of investor behavior. Indices shown are as follows: REITs are represented by the NAREIT Equity REIT Index, U.S. Stocks are represented by the S&P 500 Index, International Equities are represented by the MSCI EAFE Index, Government-Related Bonds are represented by the Bloomberg Barclays U.S. Aggregate Bond Index, Homes are represented by U.S. existing home sales median price, Inflation is represented by the Consumer Price Index. Indices are unmanaged and cannot be purchased directly by investors. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. **Past performance is no guarantee of future results.**

Volatility Does Not Equal a Financial Loss Unless You Sell



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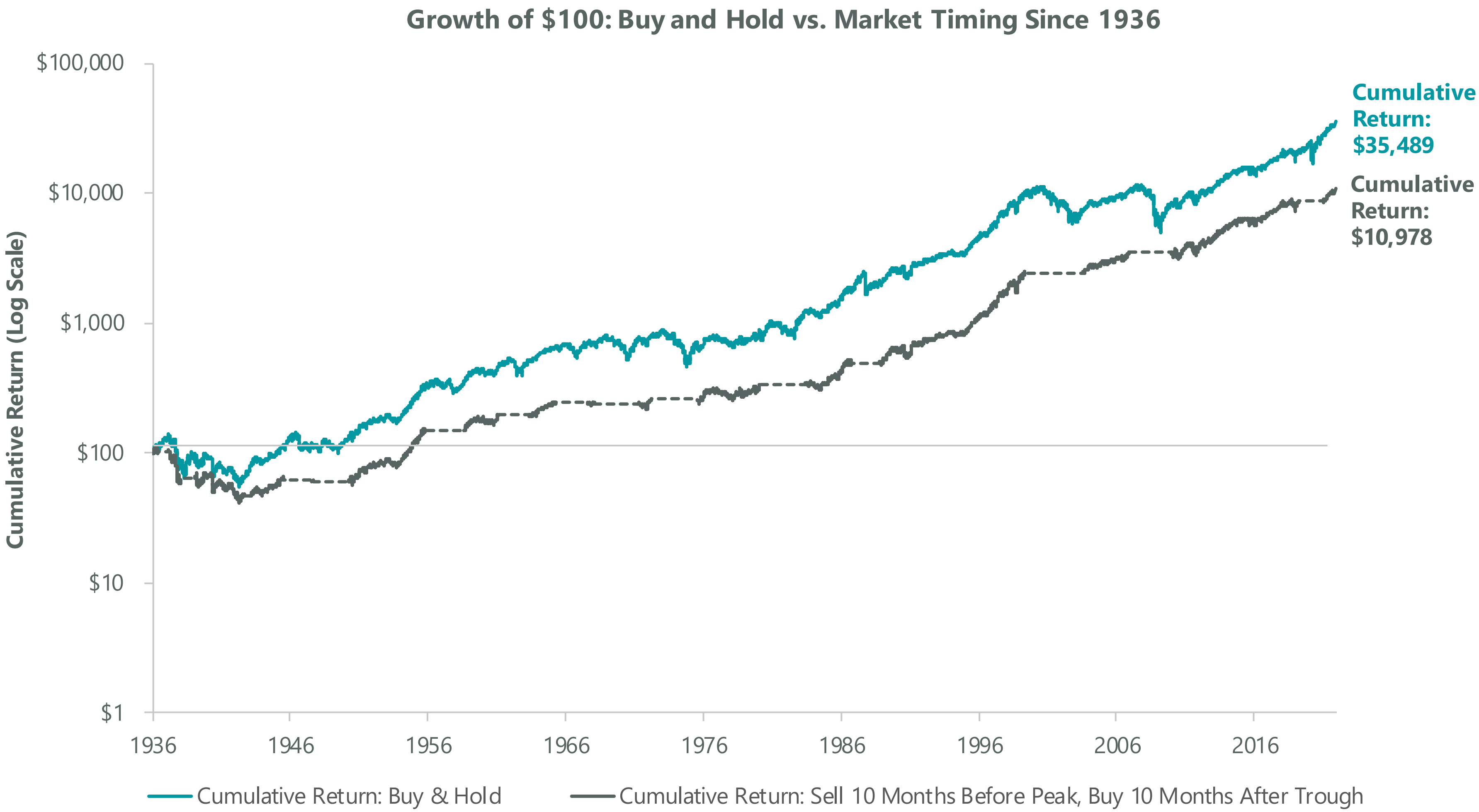
As of Dec. 31, 2021. Source: FactSet. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Can You Time the Market?



- **Since 1936, an investor that consistently sold 10 months prior to a market peak and bought back 10 months after the trough was worse off overall than a buy-and-hold investor.**

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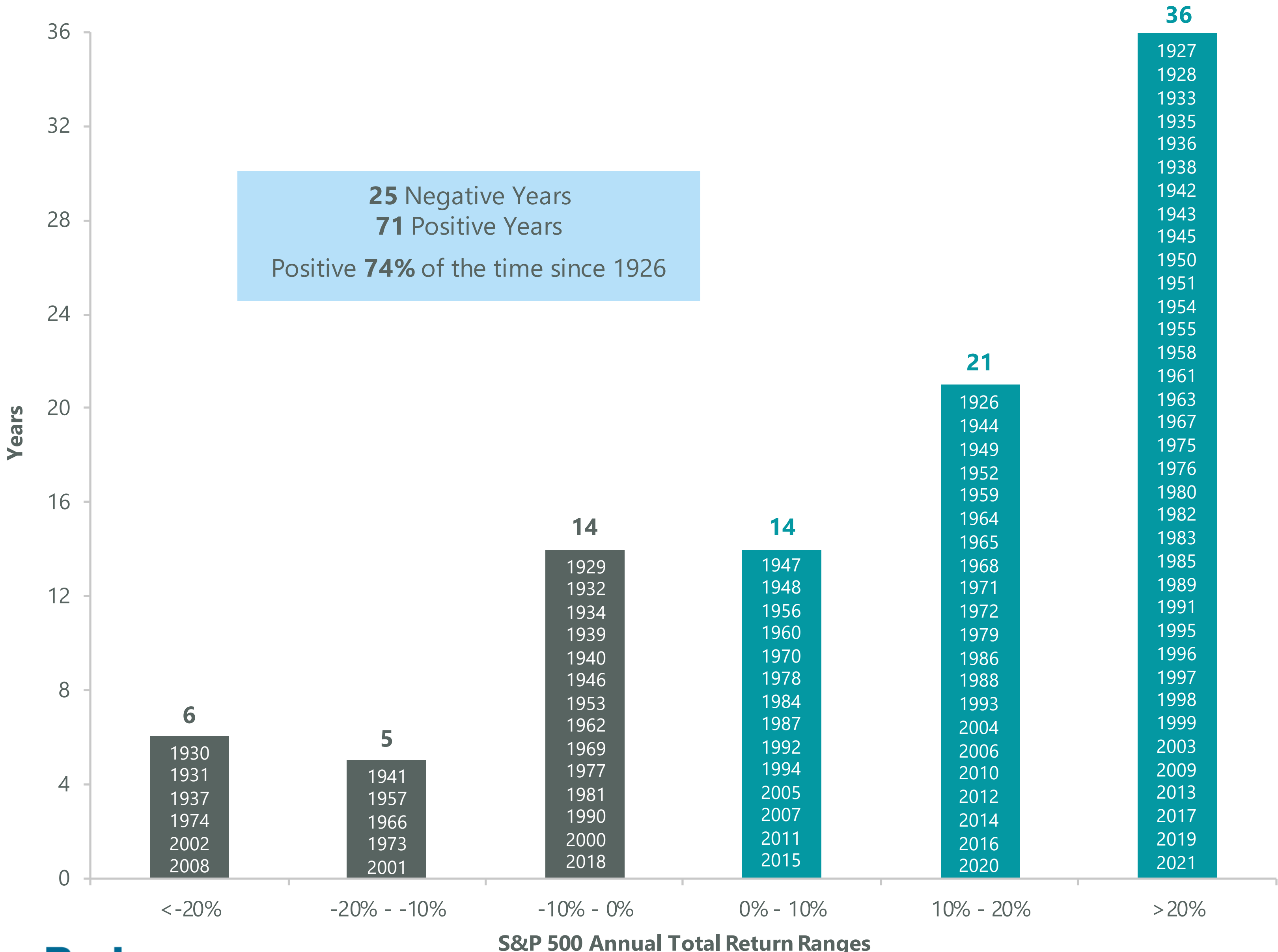
Data as of Dec. 31, 2021. Source: Yardeni Research. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Market Annual Returns

Distribution of S&P 500 Total Returns Since 1926



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As of Dec. 31, 2021. Source: FactSet. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Economic Outlook

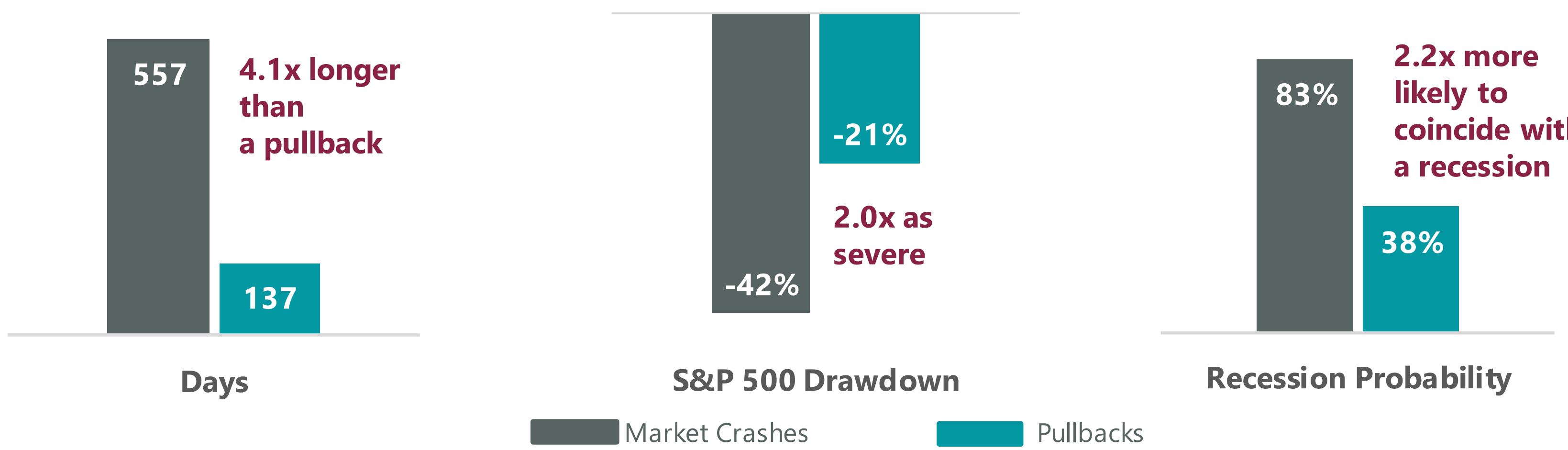
S&P 500 Market Crashes vs. Pullbacks

Market Crashes

Peak	Trough	Days	S&P 500	S&P 500 Return: Peak to Trough +1 Year	Recession
Nov. 1968	May 1970	543	-36%	-8%	Yes
Jan. 1973	Oct. 1974	630	-48%	-29%	Yes
Nov. 1980	Aug. 1982	621	-27%	15%	Yes
Aug. 1987	Dec. 1987	101	-34%	-18%	No
March 2000	Oct. 2002	929	-49%	-32%	Yes
Oct. 2007	March 2009	517	-57%	-27%	Yes
Average		**557**	**-42%**	**-16%**	**83%**

Pullbacks

Peak	Trough	Days	S&P 500	S&P 500 Return: Peak to Trough +1 Year	Recession
Sept. 1976	March 1978	531	-19%	-9%	No
Feb. 1980	March 1980	43	-17%	14%	Yes
July 1990	Oct. 1990	87	-20%	3%	Yes
July 1998	Oct. 1998	83	-19%	13%	No
April 2010	July 2010	70	-16%	10%	No
April 2011	Oct. 2011	157	-19%	6%	No
Sept. 2018	Dec. 2018	82	-19%	10%	No
Feb. 2020	March 2020	33	-34%	15%	Yes
Average		**137**	**-21%**	**8%**	**38%**



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Market Crashes defined as decline of 20% or greater in S&P 500 lasting at least 1 year. Pullbacks defined as declines of 15% or greater in S&P 500 (no time component). 1987 decline persisted at 20% or greater loss 1 year after Aug. 1987 peak despite trough coming in Dec. 1987. Source: S&P, NBER, and Bloomberg. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

U.S. Recession Risk Indicators

- 12 variables have historically foreshadowed a looming recession
- Wage growth and money supply are flashing risk right now

		Dec. 31, 2021	Nov. 30, 2021	Oct. 31, 2021
Consumer	Housing Permits	⬆	⬆	⬆
	Job Sentiment	⬆	⬆	⬆
	Jobless Claims	⬆	⬆	⬆
	Retail Sales	⬆	⬆	⬆
	Wage Growth	✖	●	●
Business Activity	Commodities	⬆	⬆	⬆
	ISM New Orders	⬆	⬆	⬆
	Profit Margins	⬆	⬆	⬆
	Truck Shipments	⬆	⬆	⬆
Financial	Credit Spreads	⬆	⬆	⬆
	Money Supply	●	⬆	⬆
	Yield Curve	⬆	⬆	⬆
	Overall Signal	⬆	⬆	⬆

⬆ Expansion ● Caution ✖ Recession

ClearBridge Investments

Data as of Dec. 31, 2021. Source: BLS, Federal Reserve, Census Bureau, ISM, BEA, American Chemistry Council, American Trucking Association, Conference Board, and Bloomberg. The ClearBridge Recession Risk Dashboard was created in January 2016. References to the signals it would have sent in the years prior to January 2016 are based on how the underlying data was reflected in the component indicators at the time.

U.S. Recession Risk Indicators

- 12 variables have historically foreshadowed a looming recession
- Wage growth and money supply are flashing risk right now

		Current	2020	2007-2009	2001	1990-1991	1981-1982	1980	1973-1975	1969-1970
Consumer	Housing Permits	↑	↑	✖	●	✖	✖	✖	✖	✖
	Job Sentiment	↑	●	✖	✖	✖	✖	●	●	●
	Jobless Claims	↑	↑	●	✖	✖	✖	✖	↑	✖
	Retail Sales	↑	↑	✖	✖	✖	✖	✖	●	✖
	Wage Growth	✖	✖	✖	✖	✖	✖	✖	✖	✖
Business Activity	Commodities	↑	↑	✖	✖	✖	✖	●	●	●
	ISM New Orders	↑	●	✖	✖	✖	✖	✖	✖	✖
	Profit Margins	↑	✖	✖	✖	✖	✖	✖	●	✖
	Truck Shipments	↑	↑	●	✖	✖	✖	✖	n/a	n/a
Financial	Credit Spreads	↑	↑	✖	✖	✖	✖	✖	↑	●
	Money Supply	●	↑	✖	✖	✖	✖	✖	✖	✖
	Yield Curve	↑	✖	✖	✖	✖	✖	✖	✖	✖
	Overall Signal	↑	●	✖	✖	✖	✖	✖	●	✖

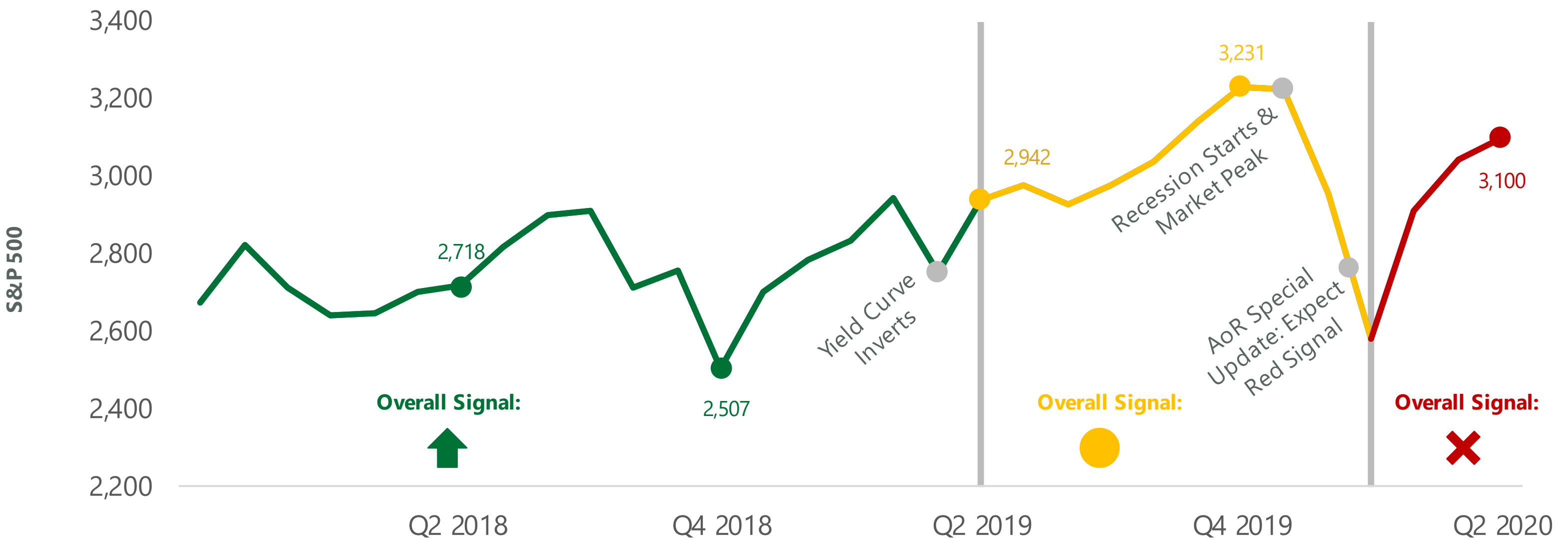
↑ Expansion ● Improvement ✖ Recession

ClearBridge Investments

Data as of Dec. 31, 2021. Source: BLS, Federal Reserve, Census Bureau, ISM, BEA, American Chemistry Council, American Trucking Association, Conference Board, and Bloomberg. The ClearBridge Recession Risk Dashboard was created in January 2016. References to the signals it would have sent in the years prior to January 2016 are based on how the underlying data was reflected in the component indicators at the time.

U.S. Recession Risk Dashboard

Case Study: 2018-2020

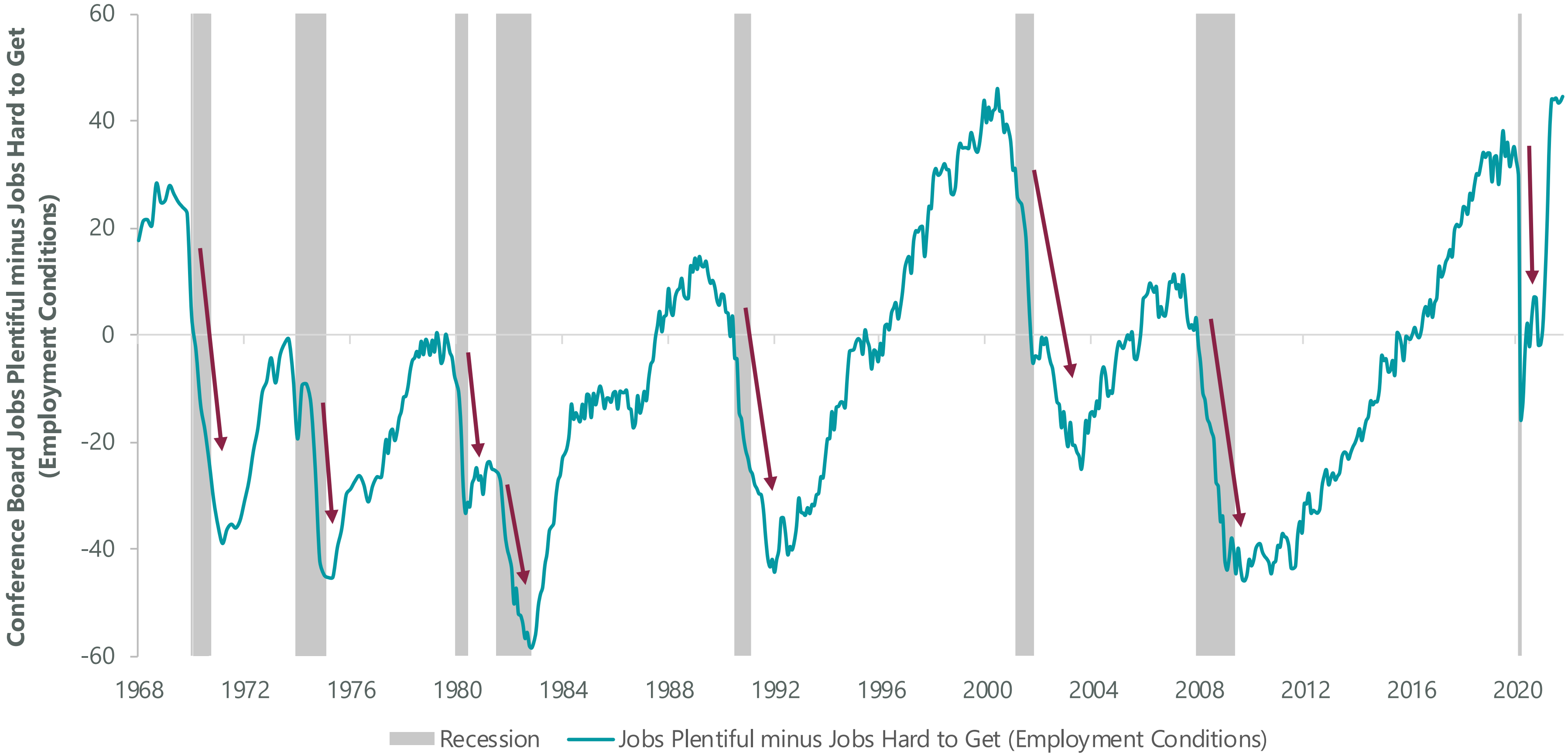


		Q2 2018	Q4 2018	Q2 2019	Q4 2019	Q2 2020
Consumer	Housing Permits	↑	↑	↑	↑	●
	Job Sentiment	↑	↑	●	↑	✖
	Jobless Claims	↑	↑	↑	↑	✖
	Retail Sales	↑	↑	↑	↑	✖
	Wage Growth	↑	↑	●	✖	✖
Business Activity	Commodities	↑	●	✖	●	✖
	ISM New Orders	↑	↑	●	✖	✖
	Profit Margins	●	↑	↑	●	✖
	Truck Shipments	↑	↑	↑	↑	✖
Financial	Credit Spreads	↑	●	↑	↑	✖
	Money Supply	↑	●	●	●	↑
	Yield Curve	↑	●	✖	✖	✖

ClearBridge Investments

Source: BLS, Federal Reserve, Census Bureau, ISM, BEA, American Chemistry Council, American Trucking Association, Conference Board, and Bloomberg. The ClearBridge Recession Risk Dashboard was created in January 2016. References to the signals it would have sent in the years prior to January 2016 are based on how the underlying data was reflected in the component indicators at the time.

U.S. Recession Indicator: Job Sentiment



- **Consumer sentiment towards the health of the labor market traditionally foreshadows an impending recession.**
- **At present, the labor differential (jobs plentiful minus jobs hard to get) is near a record level, suggesting a robust labor market.**

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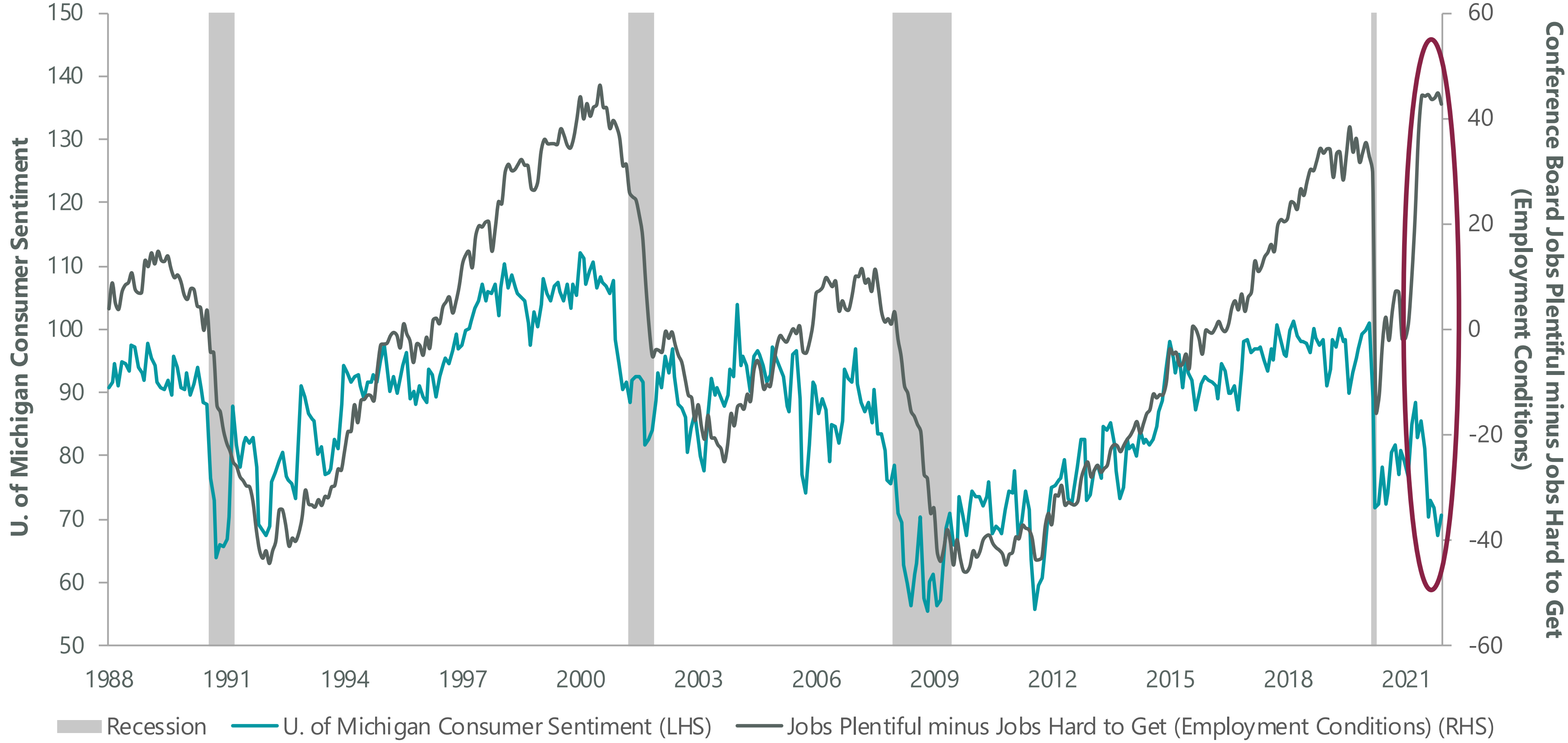
Data as of Nov. 30, 2021, latest available as of Dec. 31, 2021. Source: FactSet, Conference Board, National Bureau of Economic Research. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

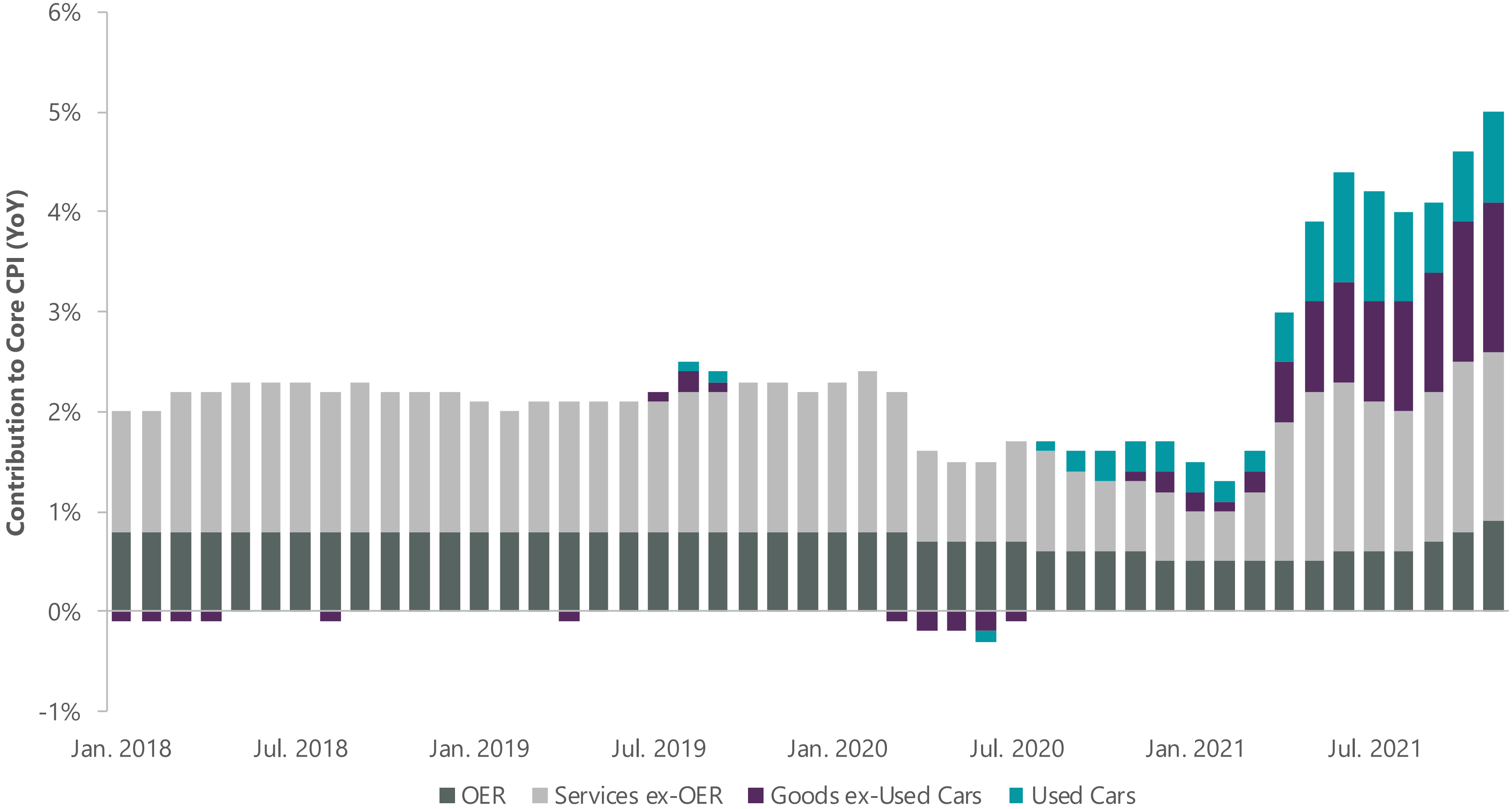
Labor Market Taking a Back Seat



- **Consumer sentiment has historically moved in tandem with perceptions of labor market strength.**
- **With inflation becoming a primary worry for many Americans, this relationship appears to be breaking down.**

Data as of Nov. 30, 2021, latest available as of Dec. 31, 2021. Source: FactSet, Conference Board, University of Michigan Survey of Consumers, National Bureau of Economic Research. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

What's Driving Inflation



- **Much of the upside in inflation relative to the pre-pandemic trend has come from goods, particularly used cars.**
- **Among G7 countries, 93% of growth in goods consumption since the onset of the pandemic has come from the U.S.**

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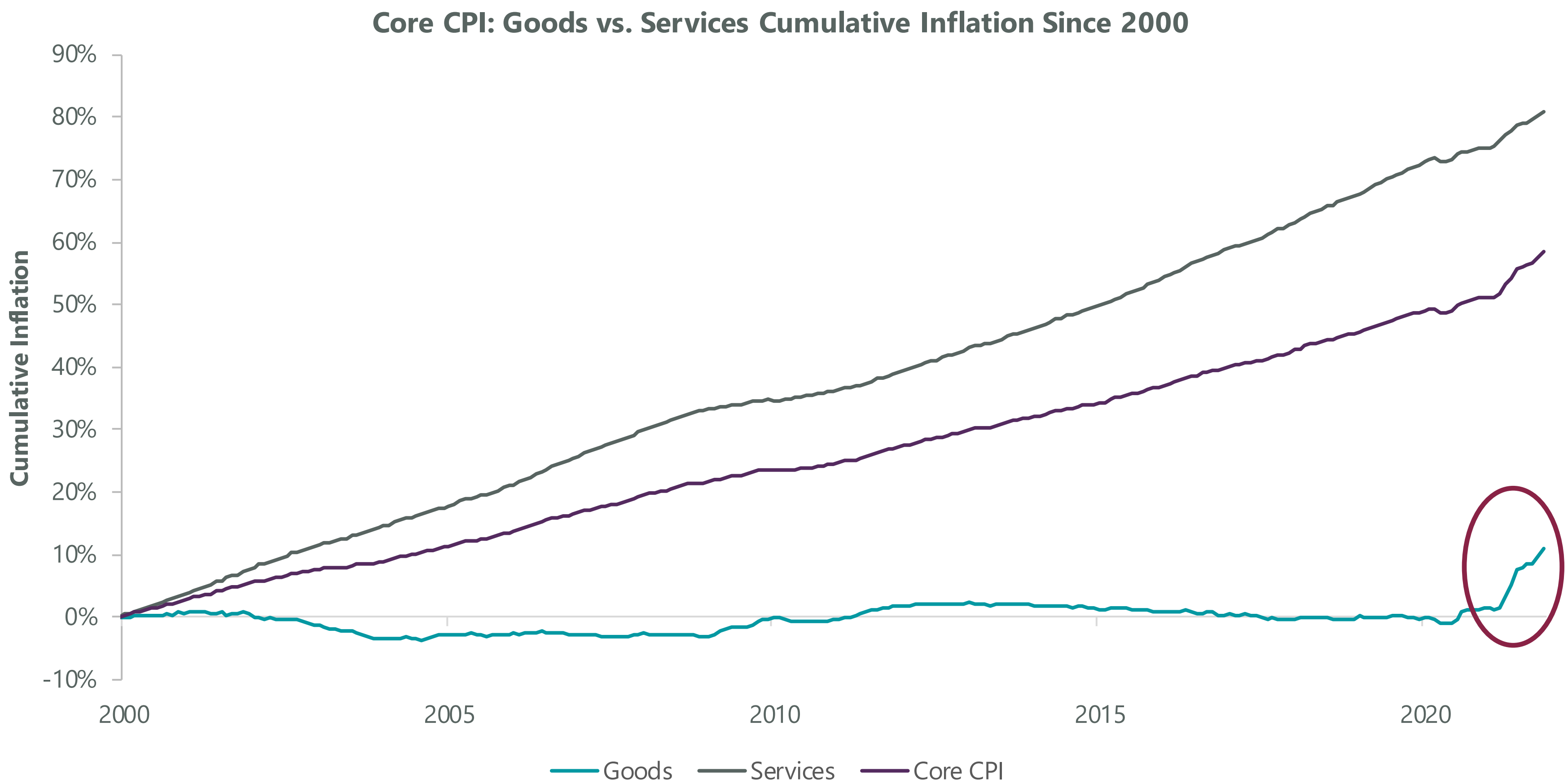
OER stands for Owners Equivalent Rent, the amount of rent that would have to be paid in order to substitute a currently owned house as a rental property. Data as of Nov. 30, 2021, latest available as of Dec. 31, 2021. Source: BLS, Bloomberg. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Goods Inflation Regime Shift?



- **In the two decades prior to the pandemic, there was no goods inflation in the U.S.**
- **While services inflation has picked up, sustained higher inflation would require a regime shift in goods prices.**

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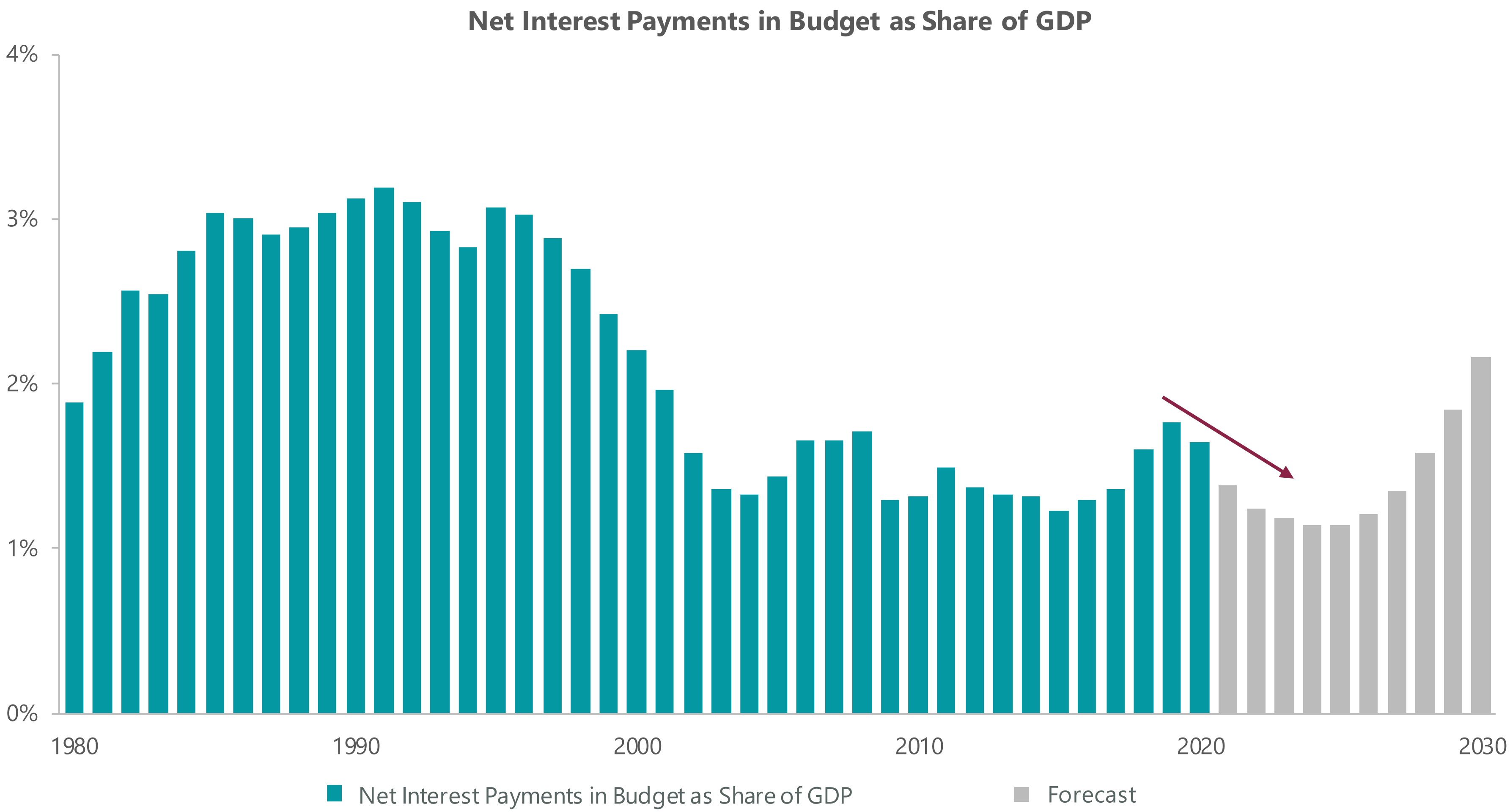
Data as of Nov. 30, 2021, latest available as of Dec 31, 2021. Source: BLS and Bloomberg. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Is U.S. Debt Really an Issue?



- **Despite a dramatic increase in government debt outstanding, total debt servicing costs as a percent of GDP have declined due to falling rates.**
- **While this could become a risk in the next decade, the intermediate-term outlook appears less troubling.**

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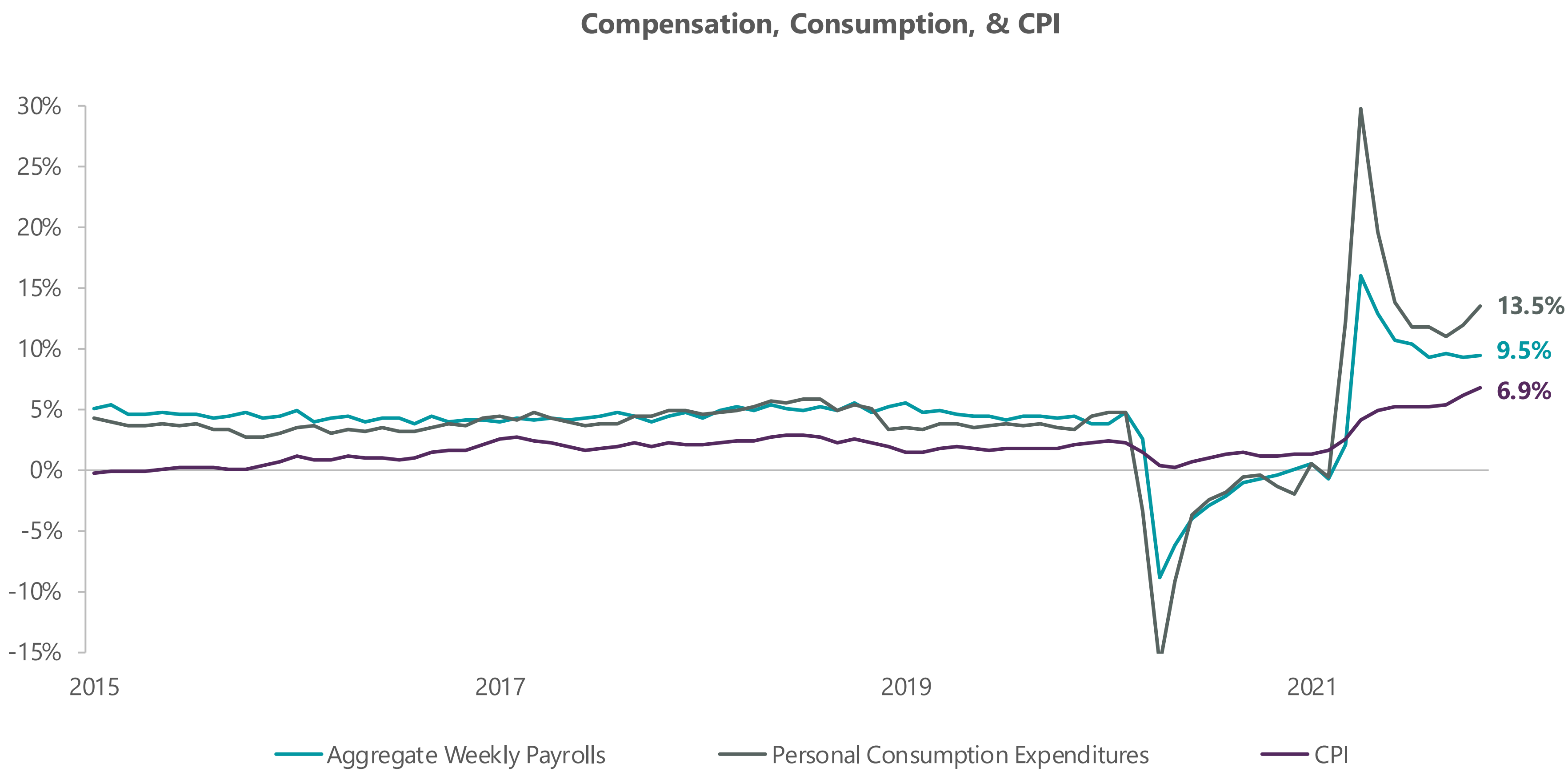
Source: Congressional Budget Office. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Consumer Outlook Dependent on Wages



- **Consumption is closely tied to changes in income, both of which have run ahead of inflation in recent years.**
- **Currently, compensation is easily outpacing inflation, which bodes well for above-trend consumption continuing in 2022.**

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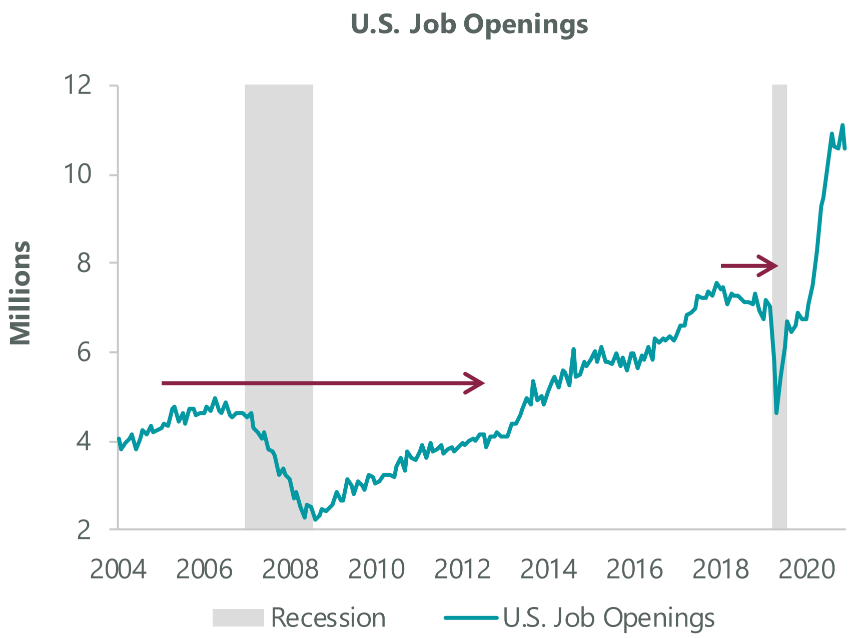
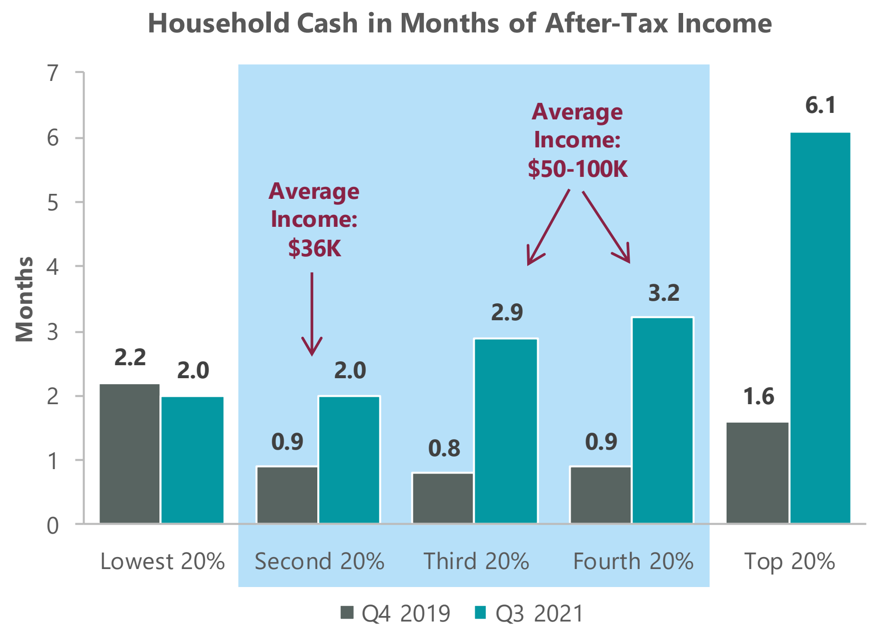
Data as of Nov. 30, 2021, latest available as of Dec. 31, 2021. Source: BLS, BEA, and Bloomberg. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Not The Global Financial Crisis: Labor



Source: DOL, FactSet.



Source: Jefferies, Haver, JEF Economics.

- **Job openings have surged following the COVID-19 crisis with approximately 3.5 million more today relative to the prior peak.**
- **Middle income households have accumulated 2 additional months worth of after-tax income in cash.**
- **As these cash reserves dwindle, many individuals should return to the workforce.**

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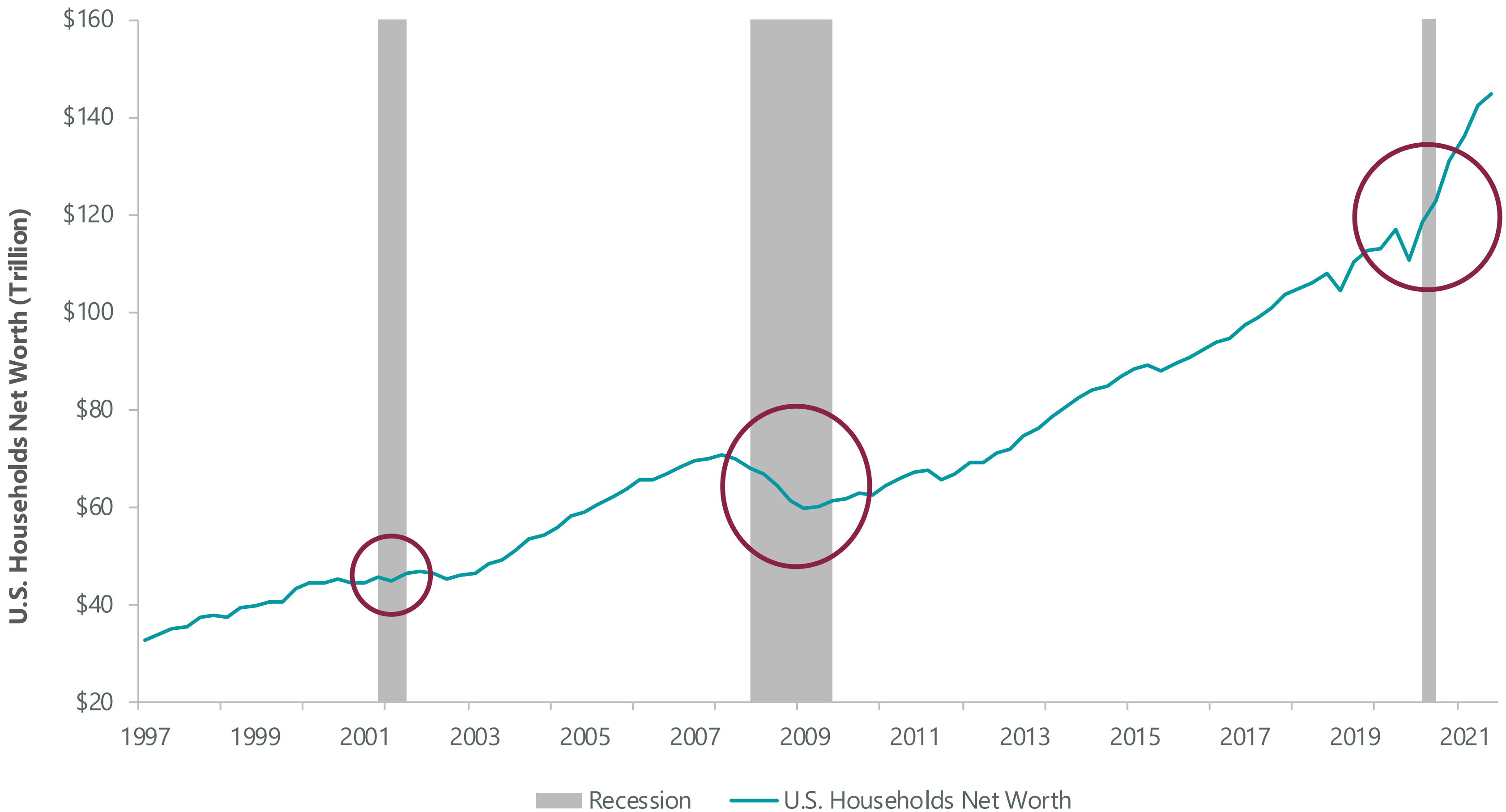
Aren’t Recessions Supposed to be Painful?



- **Historically, recessions have put a dent in household net worth.**
- **Since the end of 2019 (pre-COVID), U.S. household net worth has increased by $28 trillion (23.9%).**

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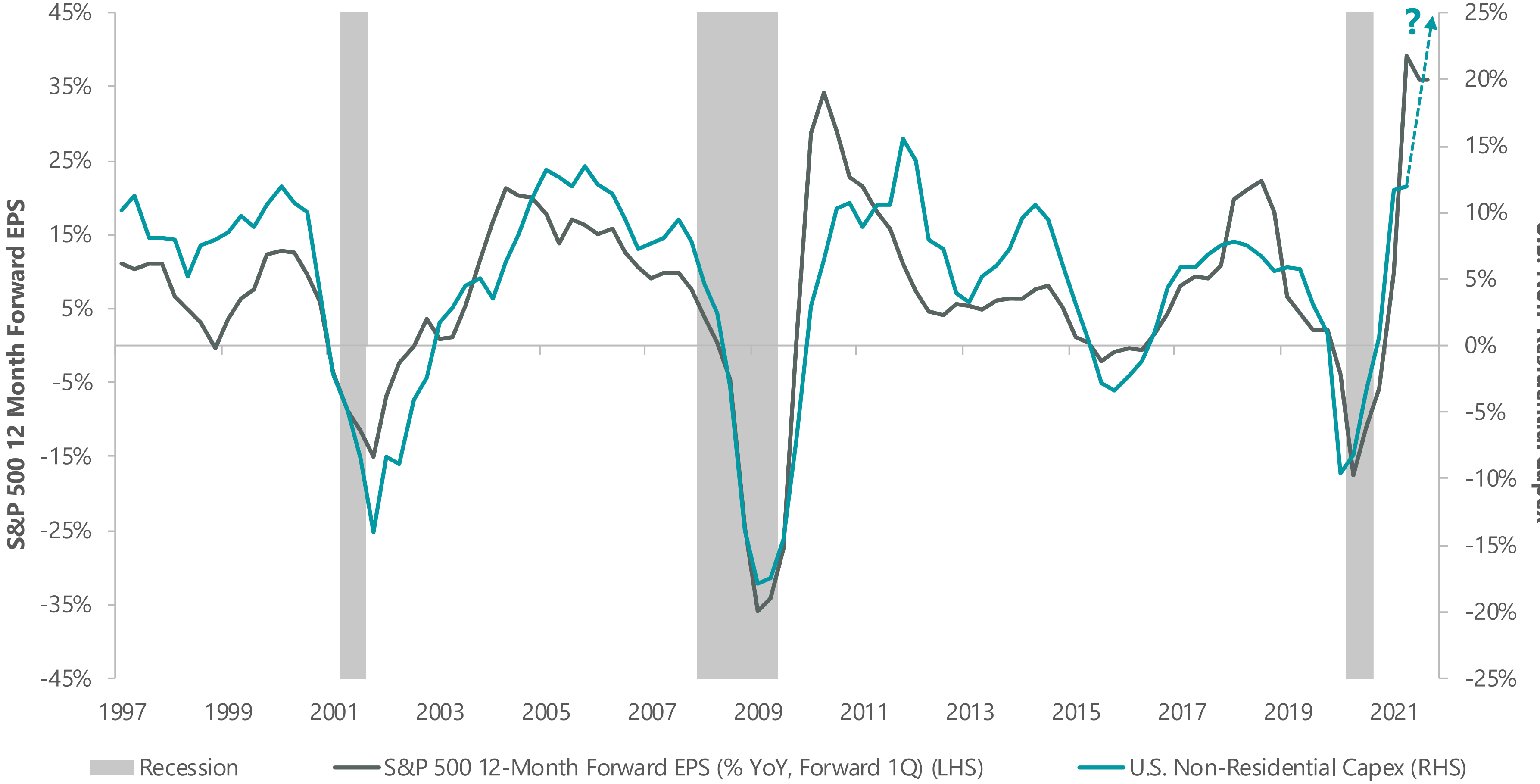
Data as of Sept. 30, 2021, latest available as of Dec. 31, 2021. Source: Federal Reserve Bank of St. Louis. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Capex Takes the Baton



- **Capital expenditures typically follow earnings growth, as companies reinvest profits back into their business.**
- **The robust growth backdrop suggests a coming pickup in capital spending, which should drive the next leg of economic growth.**

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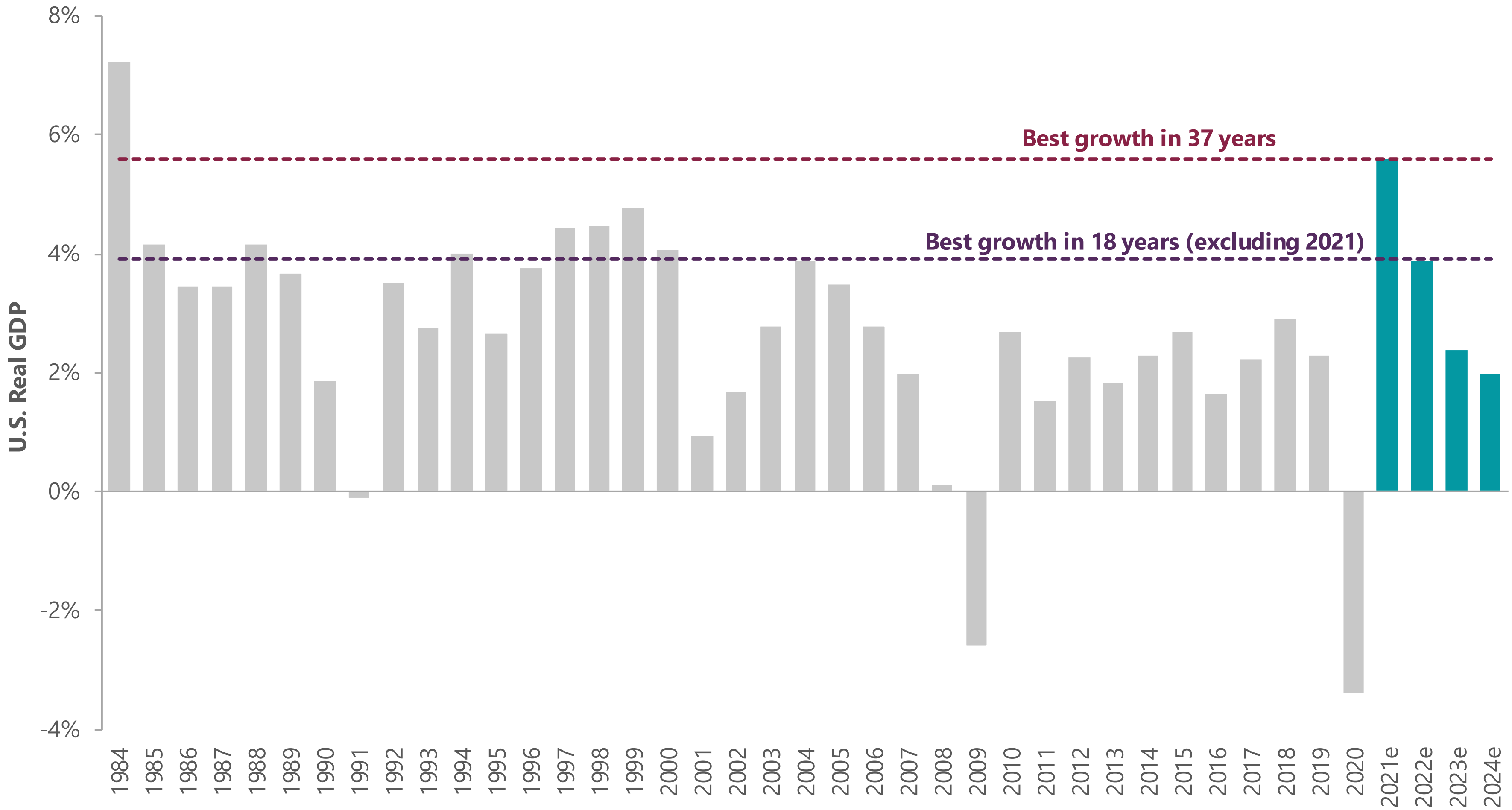
Data as of Sept. 30, 2021, latest available as of Dec. 31, 2021. Source: Bloomberg, Factset, Federal Reserve System. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

The New (Old) Normal?



- **Following the COVID-19 GDP collapse, 2021 is expected to see the strongest growth in 37 years.**
- **This strength is currently expected to persist into 2022 with the best GDP growth since 2004 (excluding 2021).**

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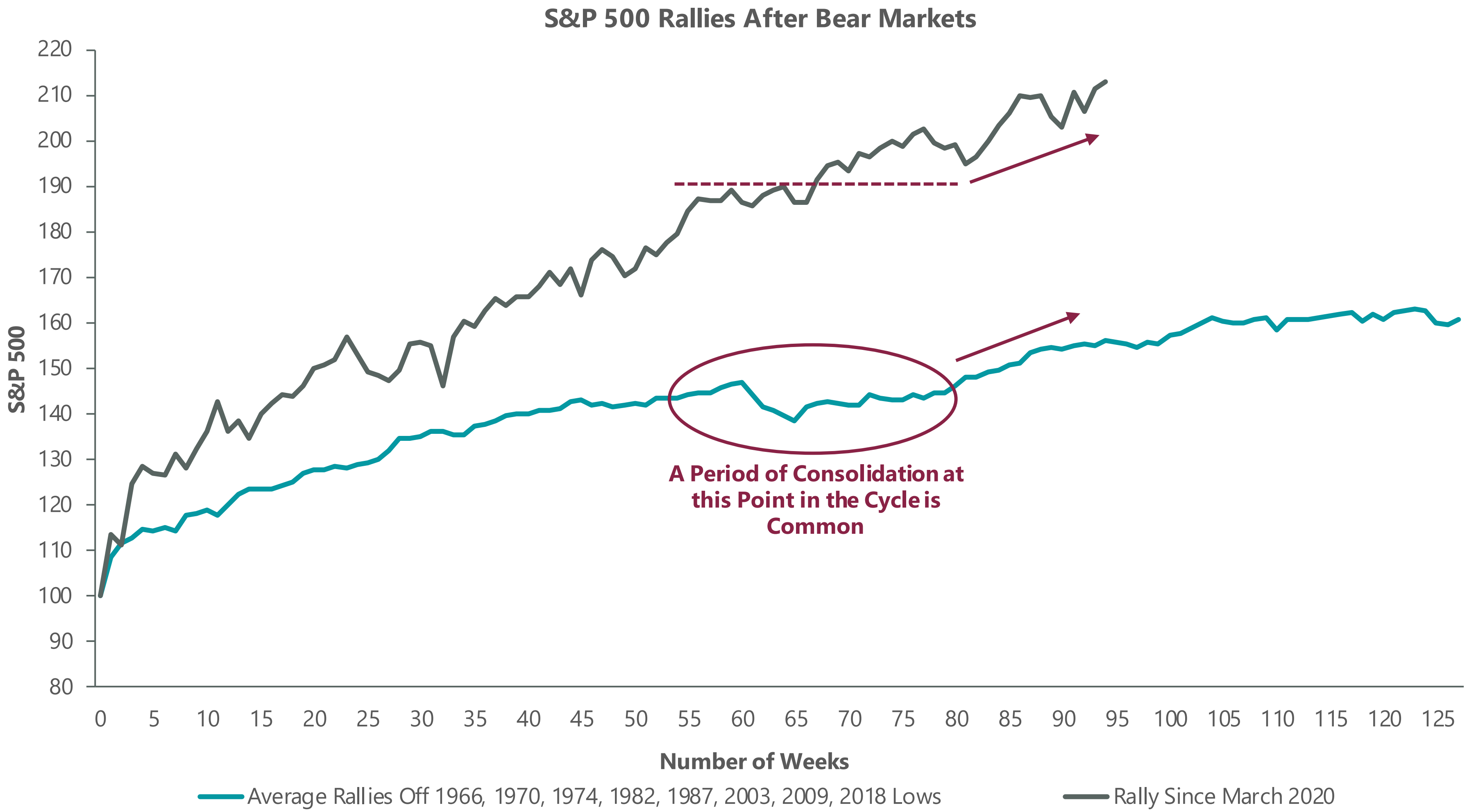
Data as of Dec. 31, 2021. Source: BEA, FactSet. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Market Outlook

Early Gains Have Been Digested



- **Following a substantial rally from the lows, equities typically experienced lackluster returns as early gains were digested.**
- **With process appearing to be complete, the markets have turned higher, consistent with historical bull market behavior at this point.**

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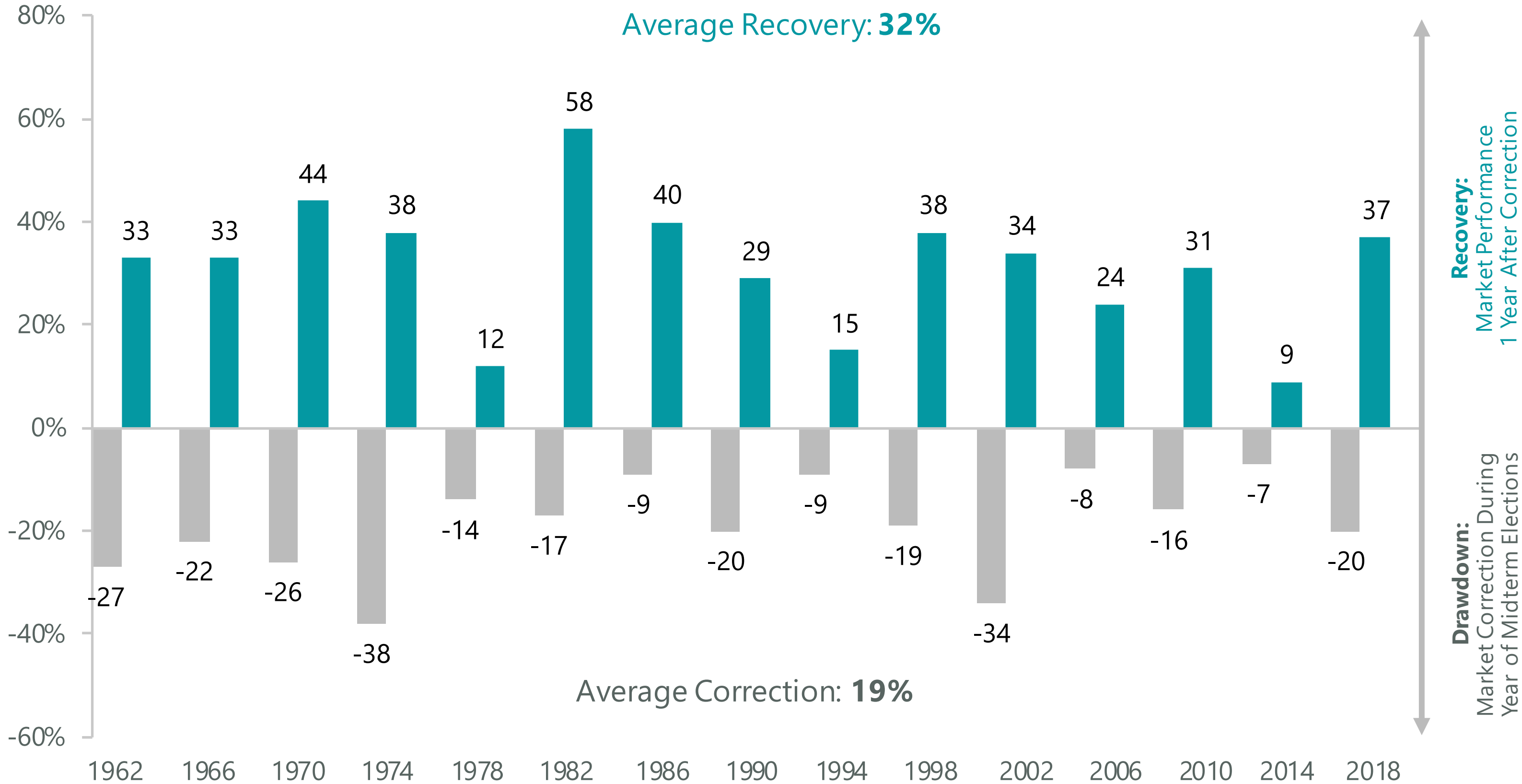
Data as of Dec. 31, 2021. Source: FactSet, S&P Global. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Midterm Election Years Typically Choppy



- **Midterm election years often experience outsized intra-year drawdowns.**
- **Investors have historically been rewarded for capitalizing on this weakness with robust returns (+32% on average) in the one-year period following the lows.**

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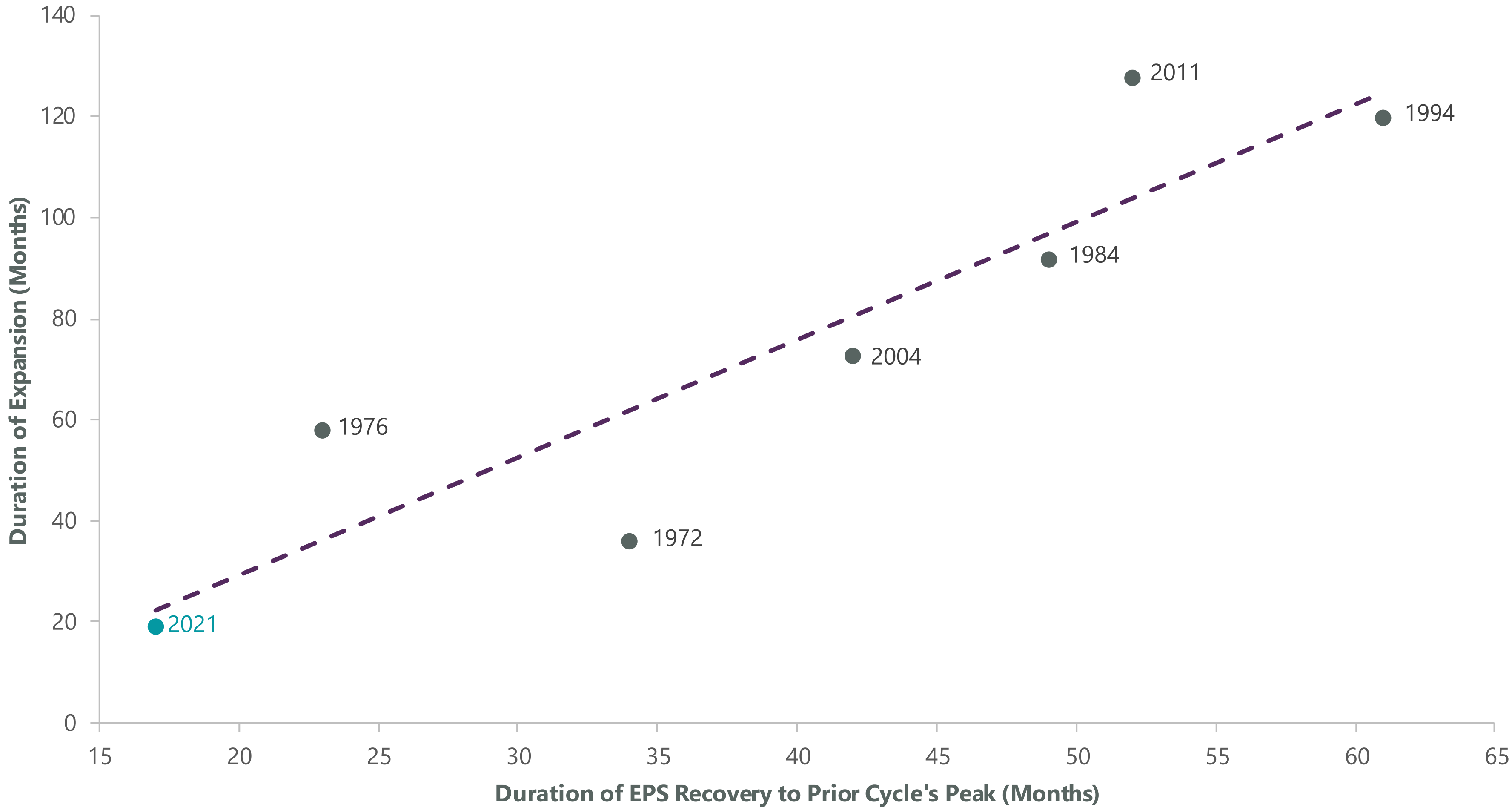
Source: Standard & Poor's, Bloomberg. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Speedy Recovery, Shorter Expansion



- **Historically, faster earnings recoveries have led to shorter economic cycles.**
- **The current cycle saw the fastest earnings recovery in modern history.**
- **This could mean the current cycle may be shorter than investors have been accustomed to in recent decades.**

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Data as of Nov. 30, 2021, latest available as of Dec. 31, 2021. Source: Bloomberg, National Bureau of Economic Research. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Fed Liftoff, Market Breather

S&P 500 Price Change Around Initial Fed Rate Hike

Date of First Raise	Before Rate Hike		After Rate Hike			
	-6 Months	-3 Months	+3 Months	+6 Months	+12 Months	+18 Months
Feb. 4, 1994	4.7%	2.7%	-3.9%	-2.4%	1.9%	19.0%
June 30, 1999	11.7%	6.7%	-6.6%	7.0%	6.0%	-3.8%
June 30, 2004	2.6%	1.3%	-2.3%	6.2%	4.4%	9.4%
Dec. 16, 2015	-1.1%	3.9%	-2.2%	0.2%	8.9%	17.4%
Average:	**4.5%**	**3.7%**	**-3.8%**	**2.8%**	**5.3%**	**10.5%**

- **Markets have typically risen leading into the initial Fed rate hike.**
- **After a period of choppiness following liftoff, the market has historically found its footing.**

Source: FactSet. Data as of Dec. 31, 2021. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Higher Rates, Higher Equities

Stock Returns During Historical Rising Rate Environments (10-Year Yield Change > 1.5%)

Rising Rates Start Date	Rising Rates End Date	Duration (Months)	Change in 10-Year Treasury Yield	S&P 500 Gain/Loss (Annualized)	Russell 2000 Gain/Loss (Annualized)
Dec. 1962	Aug. 1966	45	1.7%	8.1%	-
March 1967	Dec. 1969	34	3.6%	3.6%	-
March 1971	Sept. 1975	55	3.2%	-0.9%	-
Dec. 1976	Sept. 1981	58	9.0%	7.3%	-
May 1983	May 1984	13	3.9%	-3.5%	-11.8%
Aug. 1986	Oct. 1987	14	3.3%	13.6%	5.9%
Oct. 1993	Nov. 1994	13	2.9%	1.5%	-3.1%
Jan. 1996	July 1996	6	1.5%	6.7%	10.1%
Oct. 1998	Jan. 2000	16	2.6%	35.5%	44.5%
June 2003	June 2006	37	2.1%	9.8%	16.3%
Dec. 2008	April 2010	15	1.9%	28.5%	35.7%
July 2012	Dec. 2013	18	1.6%	28.0%	35.5%
July 2016	Oct. 2018	27	1.9%	16.8%	17.2%
Average:		**27**	**3.0%**	**11.9%**	**16.7%**
% Positive:			**100%**	**84.6%**	**77.8%**

- **On average, during periods of rising rates, equities have historically delivered above-average returns with particular strength in small cap stocks.**

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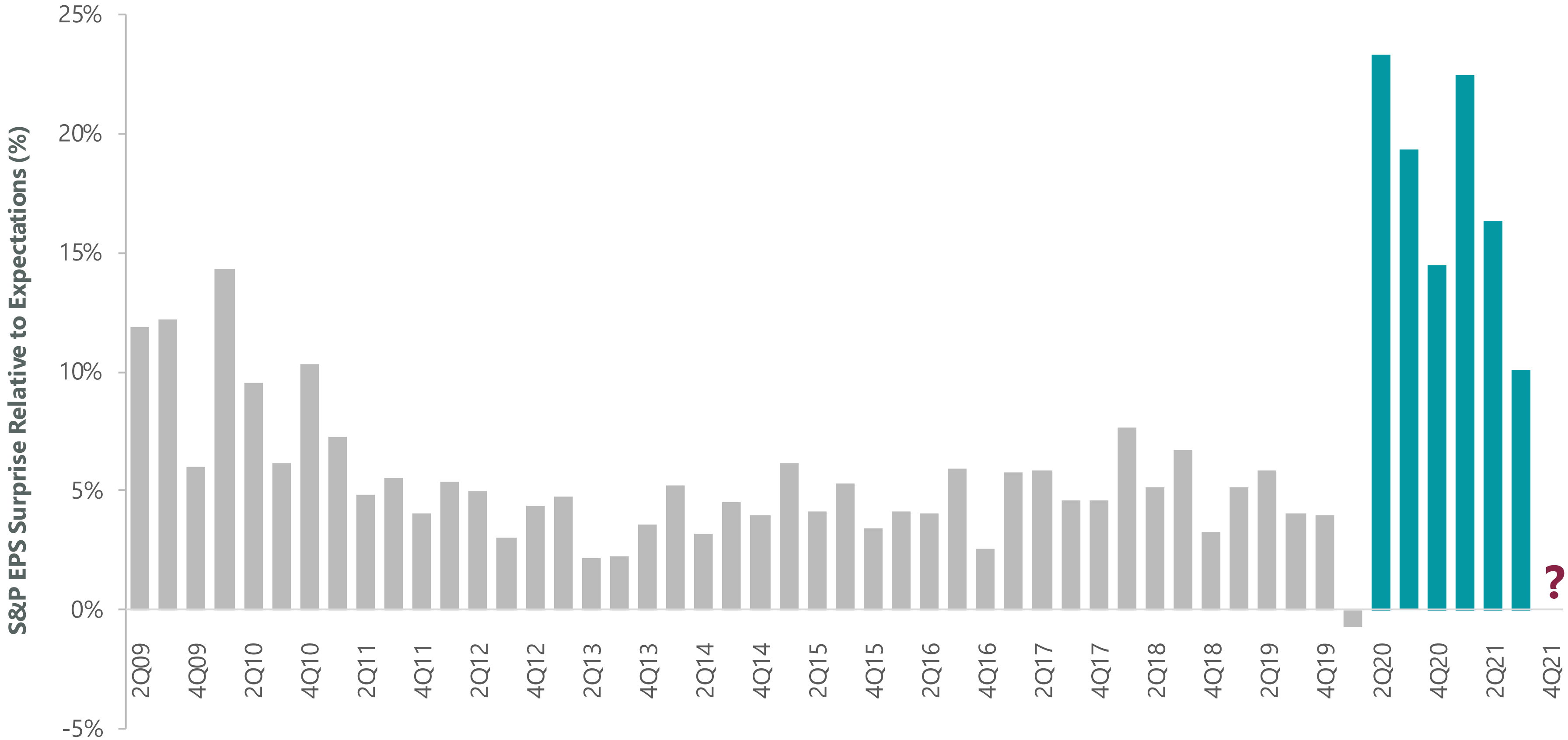
Source: FactSet. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Historic Earnings Surprise

Earnings Beats over the Last Year Have Been Extremely Strong



- **Earnings have handily beat expectations and helped power the market's rally over the past 6 quarters.**

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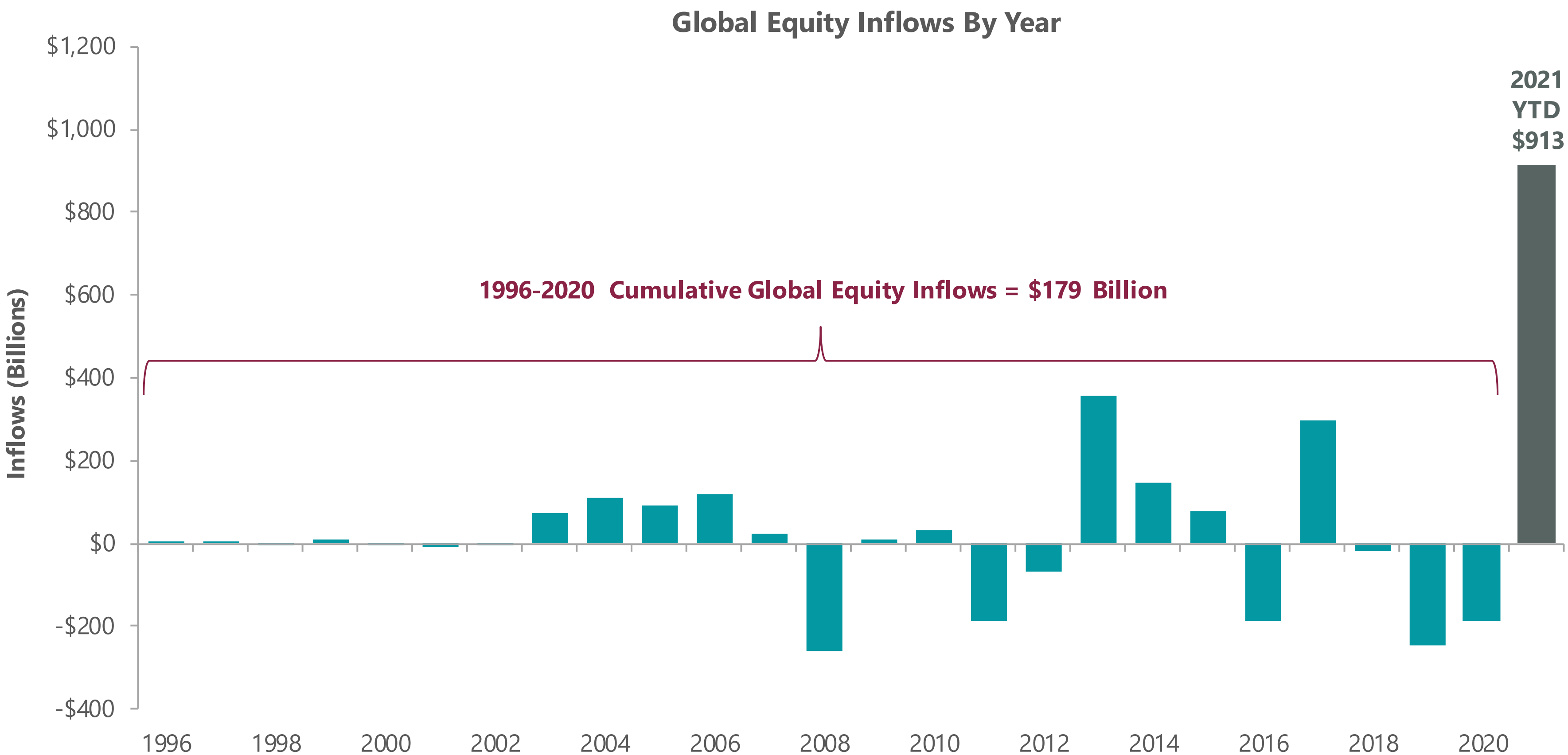
Data as of Sept. 30, 2021, latest available as of Dec. 31, 2021. Source: FactSet. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Retail Put Replacing Fed Put?



- **Investors allocated more capital to equities in 2021 than over the previous 25 years combined.**
- **With retail investors stepping in to buy the dips, the market did not experience a significant drawdown in 2021.**
- **January typically experiences the largest inflows of any month, suggesting the retail put remains in place as we enter 2022.**

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As of Nov. 30, 2021, latest available as of Dec. 31, 2021. Source: Goldman Sachs. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Strength Begets Strength

S&P 500 Index Returns After Greater than 20% Yearly Returns

Year	S&P 500 Return: Return	S&P 500 Return: Next Year Return
1950	21.8%	16.5%
1954	45.0%	26.4%
1955	26.4%	2.6%
1958	38.1%	8.5%
1961	23.1%	-11.8%
1967	20.1%	7.7%
1975	31.5%	19.1%
1980	25.8%	-9.7%
1985	26.3%	14.6%
1989	27.3%	-6.6%
1991	26.3%	4.5%
1995	34.1%	20.3%
1996	20.3%	31.0%
1997	31.0%	26.7%
1998	26.7%	19.5%
2003	26.4%	9.0%
2009	23.5%	12.8%
2013	29.6%	11.4%
2019	28.9%	16.3%
Average:		**11.5%**
% Positive:		**84.2%**
Average All Years 1950-2020:		**9.2%**
% Positive:		**71.8%**

- **Following 20%+ return years, the market has historically tended to outperform its long-term average.**

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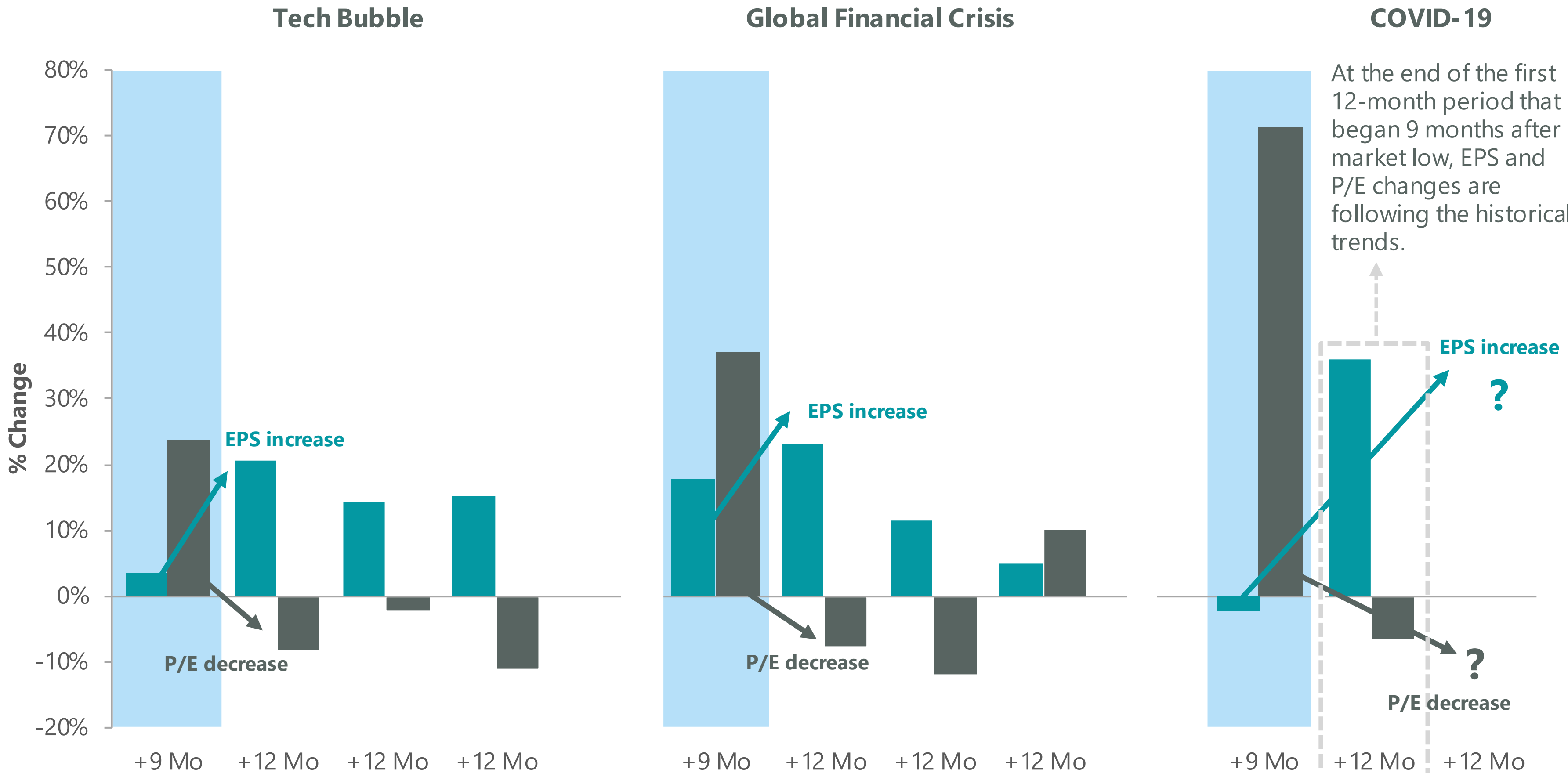
Price returns reflected in this table. The modern design of the S&P 500 stock index was first launched in 1957. Performance back to 1955 incorporates the performance of predecessor index, the S&P 90. Source: FactSet, S&P Global. Data as of Dec. 31, 2021. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Earnings to Take the Baton



S&P 500 Returns	27.9%	10.8%	11.7%	2.5%	62.0%	13.5%	1.9%	15.9%	67.9%	26.9%	?

- **In the nine months following recessionary troughs, multiple expansion has been an outsized contributor to returns.**
- **As the recovery matures, earnings have typically driven stock upside as multiples contracted.**

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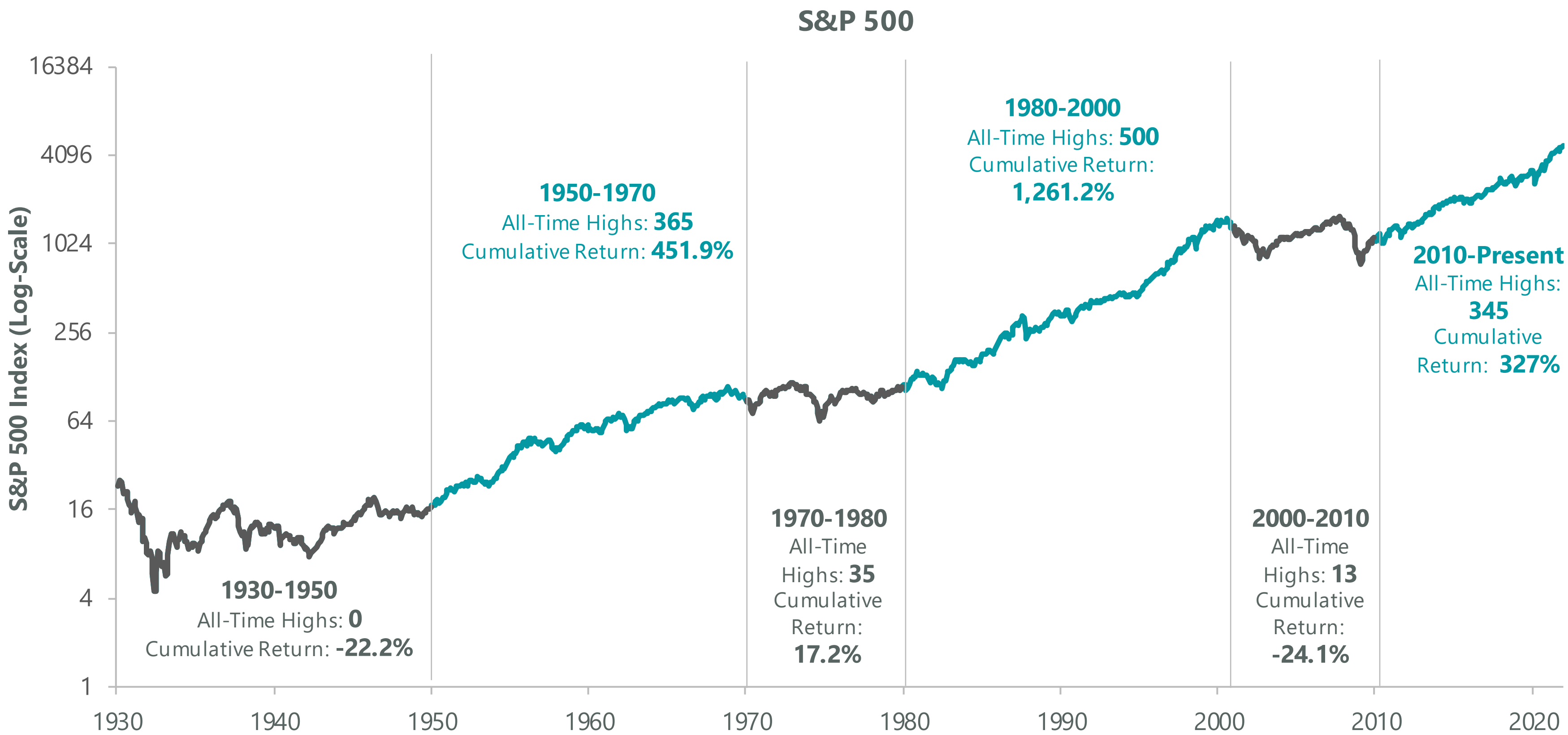
Data as of Dec. 31, 2021. Source: FactSet, S&P. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

New Secular Bull Market?



Secular Bear: Average Drawdown -46.1%
Secular Bull: Average Drawdown -26.1%

- **In the 12 months following an all-time high, stocks have historically been up 9.0% on average with positive returns 72% of the time.**

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Secular bear market average drawdown includes selloff beginning September 1929. Data as of Dec. 31, 2021. Source: Bloomberg, FactSet. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Economic and Market Summary

First Quarter 2022

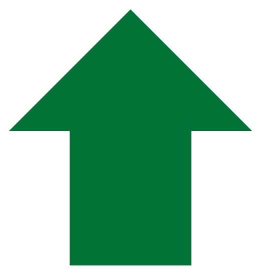
U.S. Economic Outlook

- U.S. recession risks are well below average
- The economy should strengthen as Q1 progresses and the Omicron wave fades
- Consumer Headwinds < Consumer Tailwinds
- Business investment (capex) should remain robust with strong global demand and more reliable supply chains

U.S. Market Outlook

- U.S. markets have often experienced choppiness as the economy and accommodative policy transition from early-to mid-cycle
- Current headwinds include tightening monetary policy, midterm elections, negative fiscal impulse, and high inflation
- In our view, any selloff would be a good opportunity to reposition for the middle innings of this market cycle

Recession Dashboard Overall Signal



Expansion

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International Outlook

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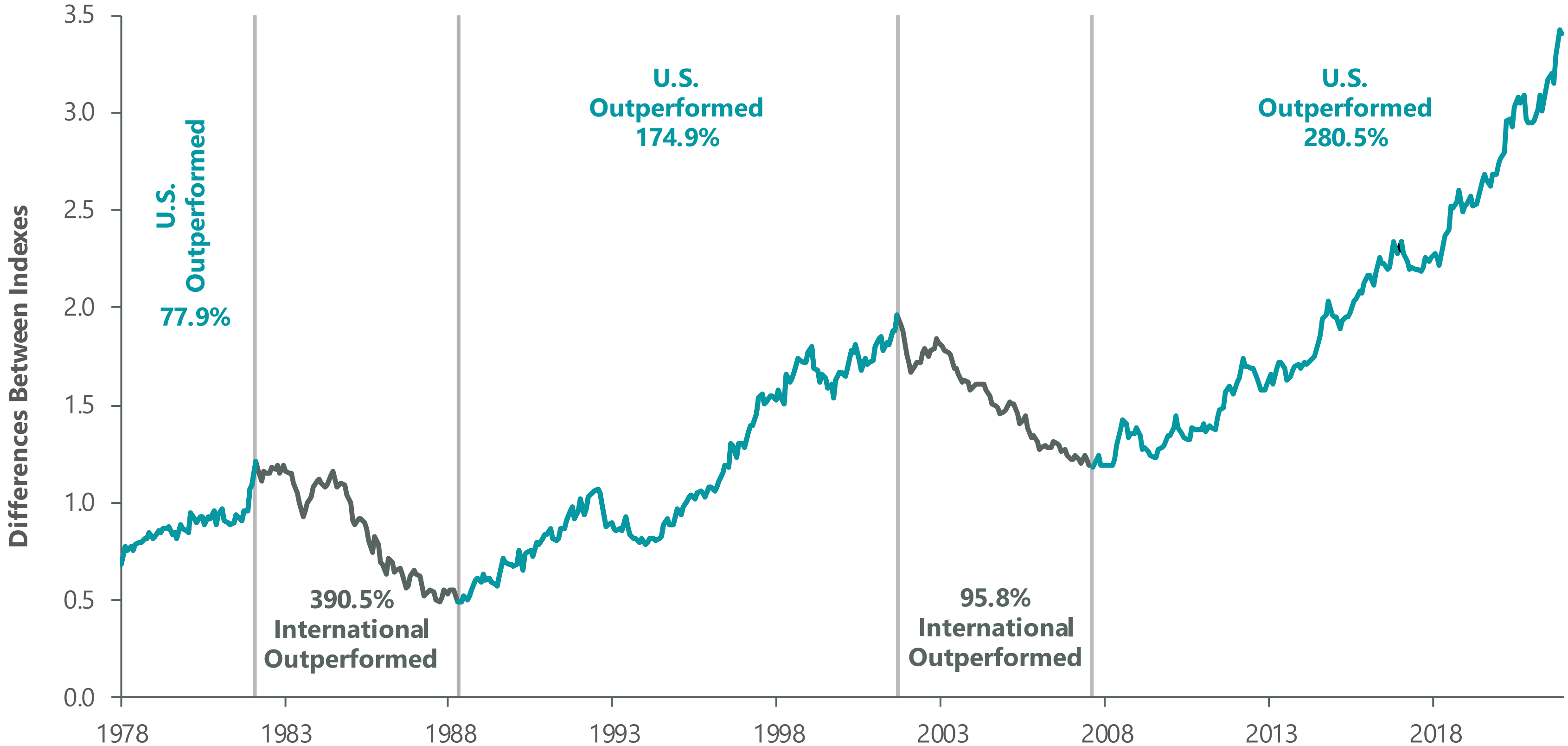
U.S. vs. International Equity Performance



▶ **Geographic leadership has tended to persist for multiple years.**

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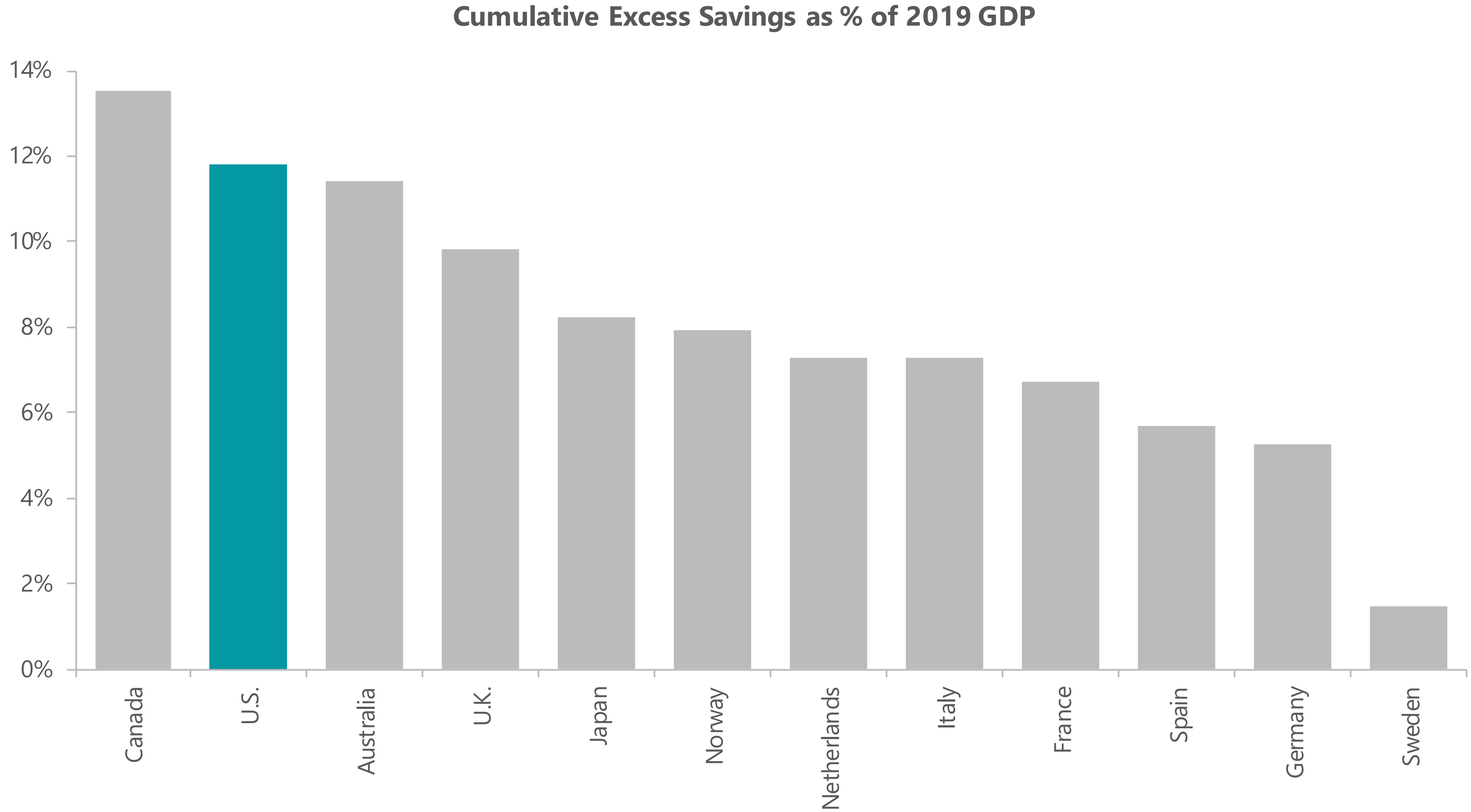
S&P 500 vs. MSCI EAFE. Data as of Dec. 31, 2021. Source: FactSet. Past performance is not a guarantee of future results.
Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Global Consumers Flush



- **The inability to spend, combined with government transfer payments, has resulted in an abundance of savings globally.**
- **As the global economy normalizes, some of these reserves will likely be drawn which should further fuel the recovery.**

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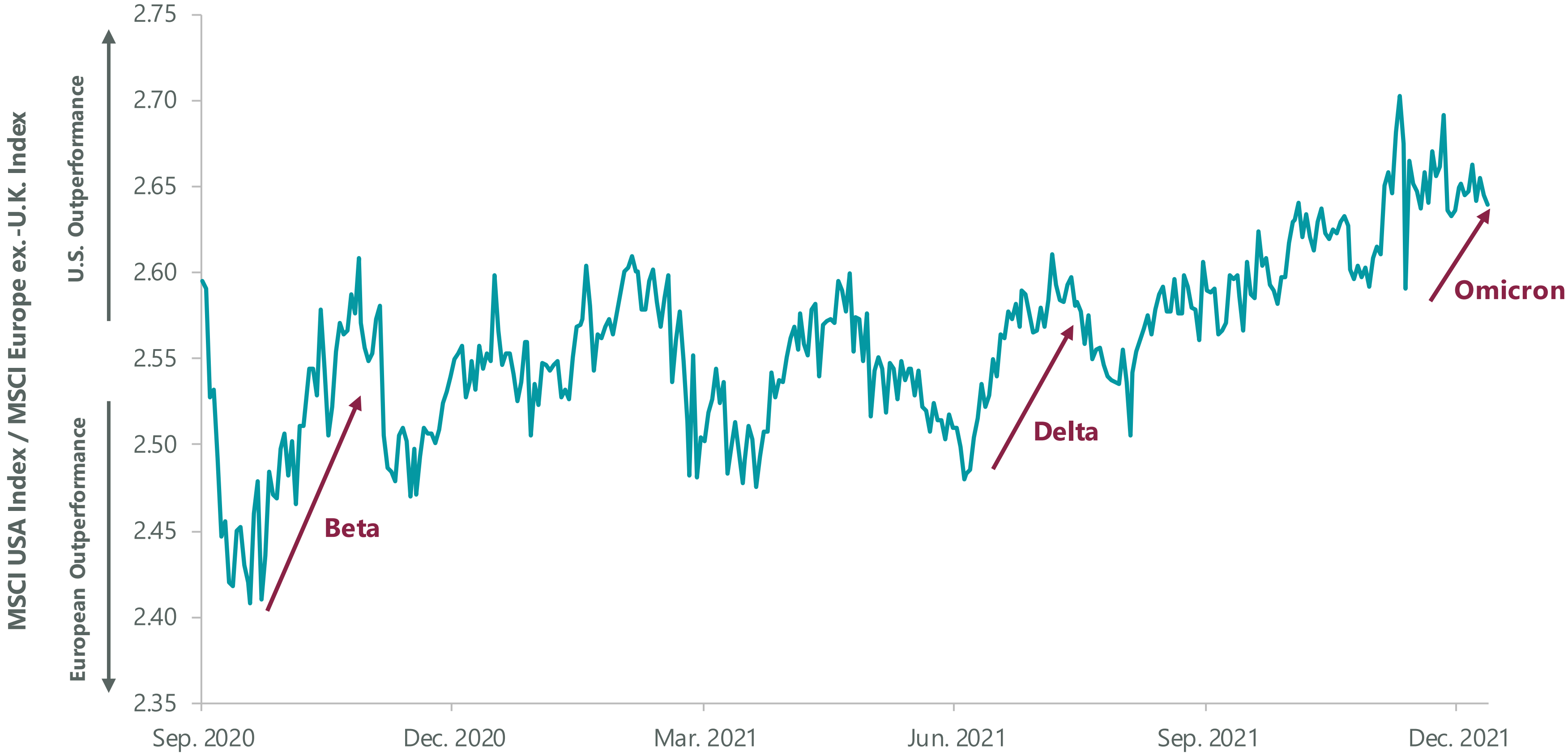
As of Sept. 30, 2021, latest available as of Dec. 31, 2021.
Source: Goldman Sachs. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

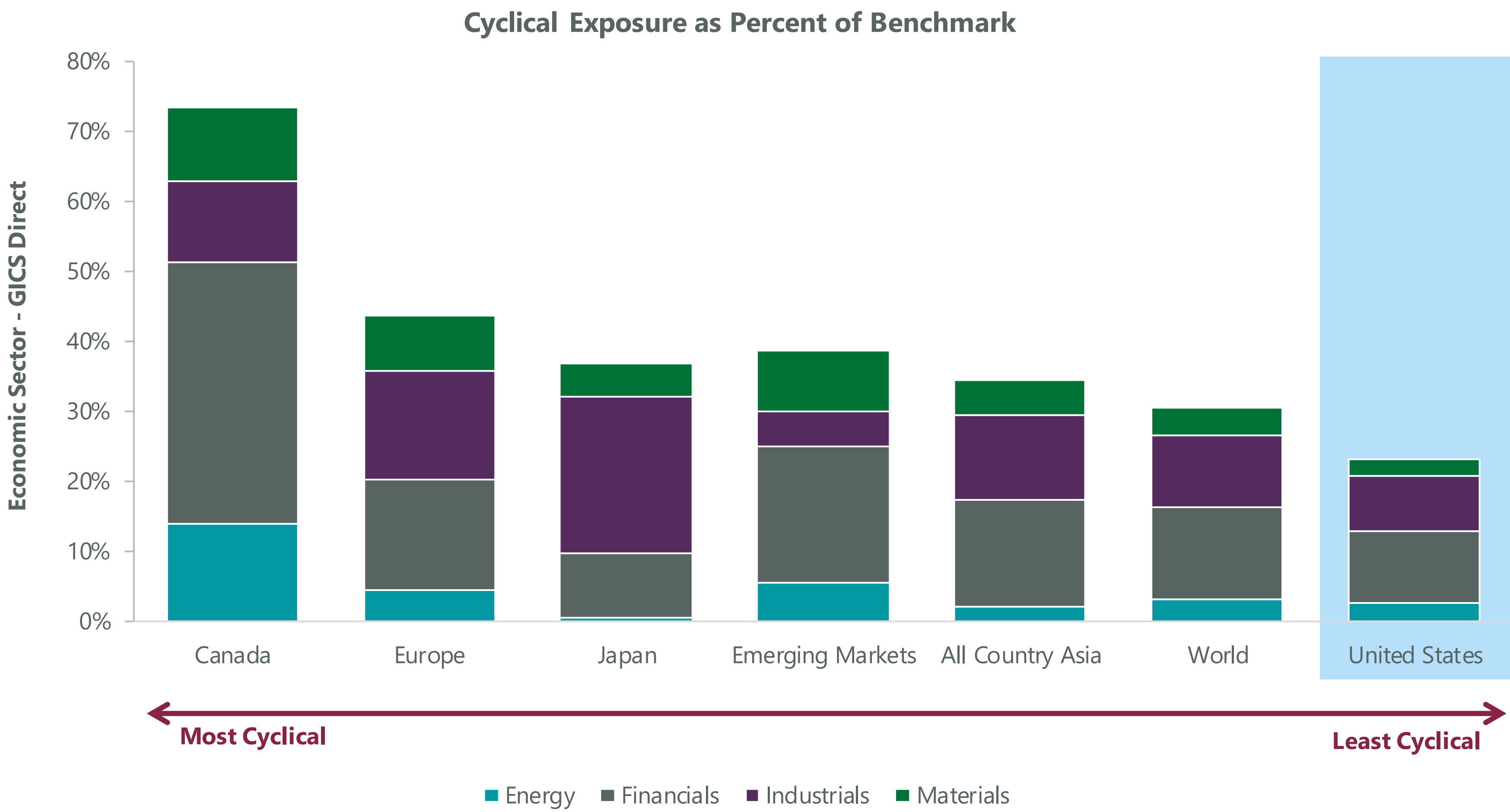
Regional Leadership Tethered to Pandemic



- **As new variants have emerged, global growth prospects have dimmed. This has caused an investor flight to safety, which has typically benefitted U.S. equities.**
- **Should Omicron prove to be the last disruptive wave of the pandemic, European leadership could reassert itself in 2022.**

Data as of Dec. 31, 2021. Source: MSCI, FactSet. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Global Markets More Cyclical



- **In periods of accelerating economic growth, non-U.S. markets have tended to lead given greater cyclical exposure.**

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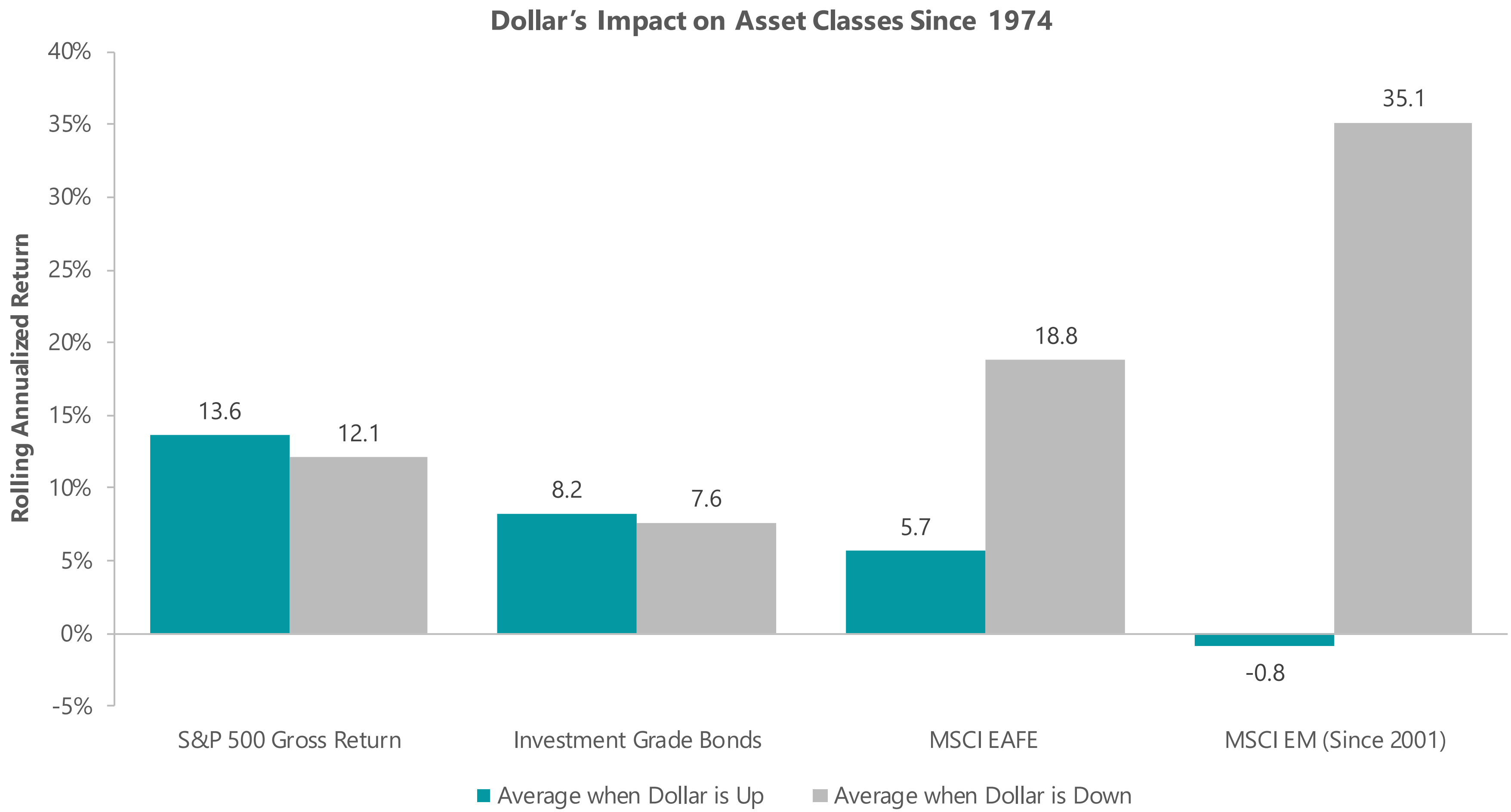
Cyclical sectors: Financials, Materials, Industrials, Energy. Cyclical exposure by MSCI Region. Data as of Dec. 31, 2021. Source: FactSet. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Weaker Dollar Supercharges Non-U.S. Stocks



- **International equities have tended to outperform during periods of dollar weakness.**

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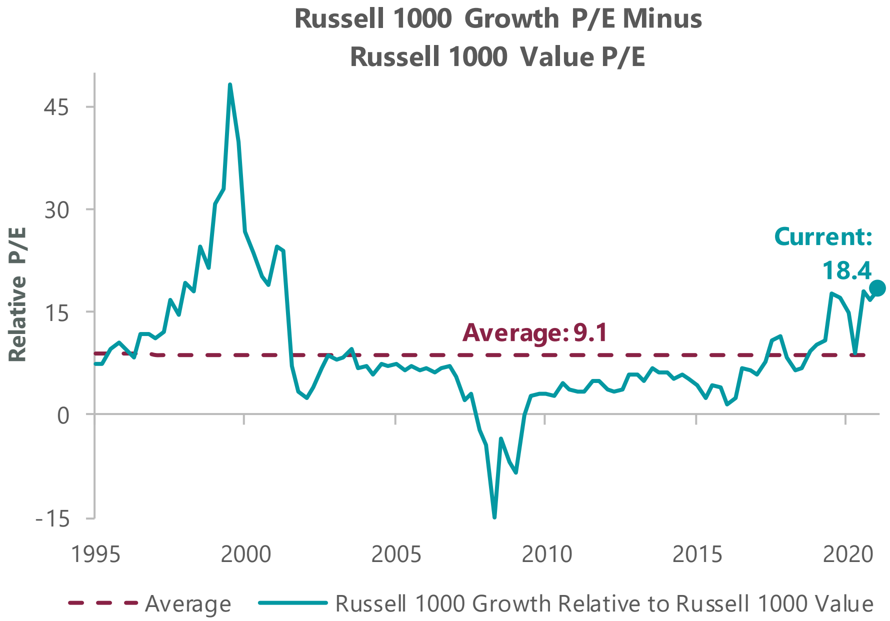
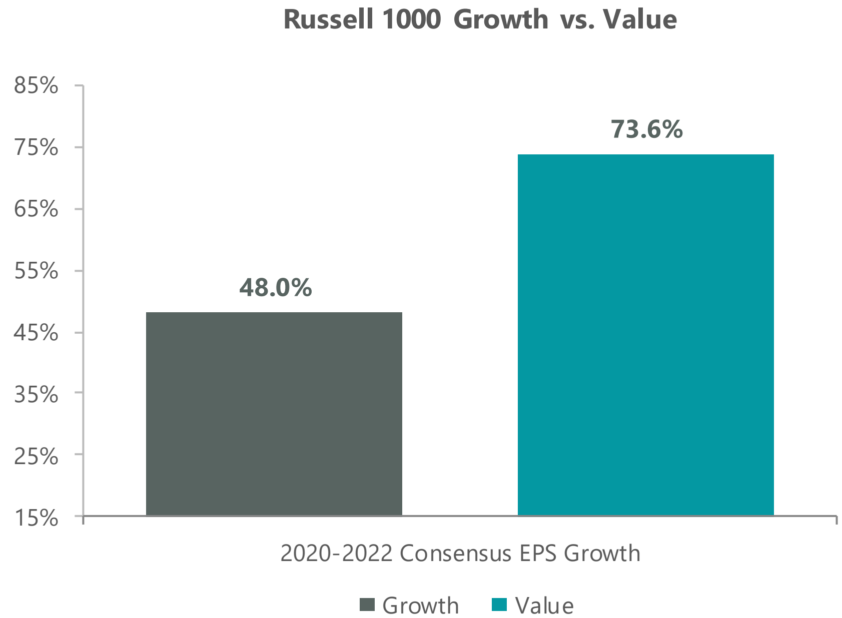
Data as of Dec. 31, 2021. MSCI EAFE and MSCI EM are net returns; MSCI EM data starts in 2001. Investment Grade Bonds refers to the Bloomberg Barclays U.S. Corporate Investment Grade Bond Index. Source: FactSet. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Market Leadership

Fundamentals Favor Value



Source: FactSet.



Source: FactSet, Russell.

- **On a 2-year stack, EPS growth favors Value despite an expected cooling in 2022.**
- **Relative P/E and EPS growth still point to greater upside potential for Value stocks.**
- **Each multiple point of relative P/E equates to approximately 4-5% of relative performance between Growth and Value.**

Data as of Dec. 31, 2021. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

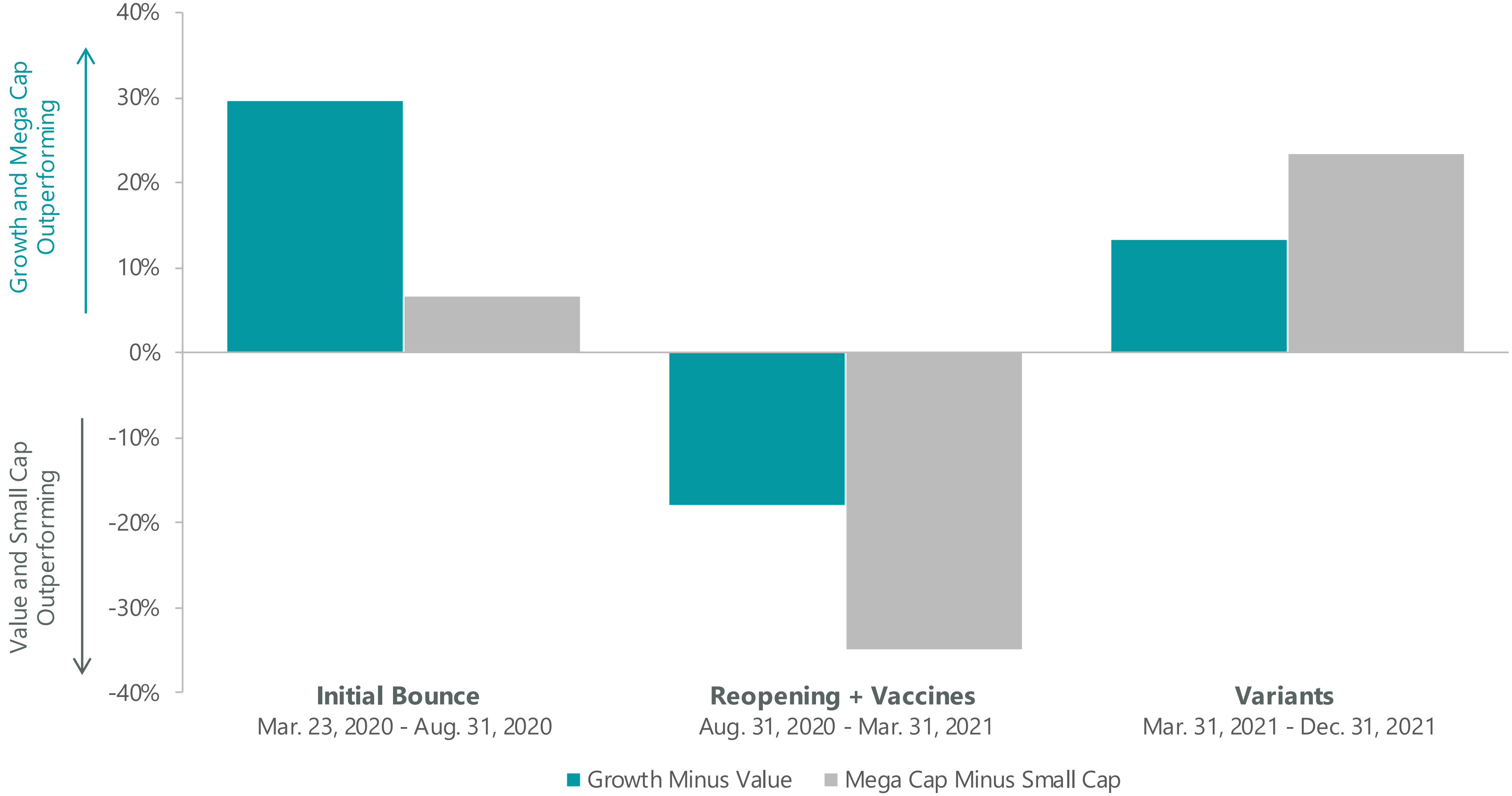
Rates Drive Growth/Value Debate

- **Since 2020, equity market leadership has moved in tandem with the 10-year Treasury yield.**
- **Economic normalization as the Omicron wave subsides could lift rates and help reignite cyclical/value leadership.**

ClearBridge Investments

Data as of Dec. 31, 2021. Source: S&P, Russell, FactSet, and Bloomberg. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Up, Down, and Around



- **Market cap and style leadership has seen three distinct phases since the March 2020 lows.**
- **When the pandemic turns endemic, leadership may more closely resemble the reopening + vaccines phase.**

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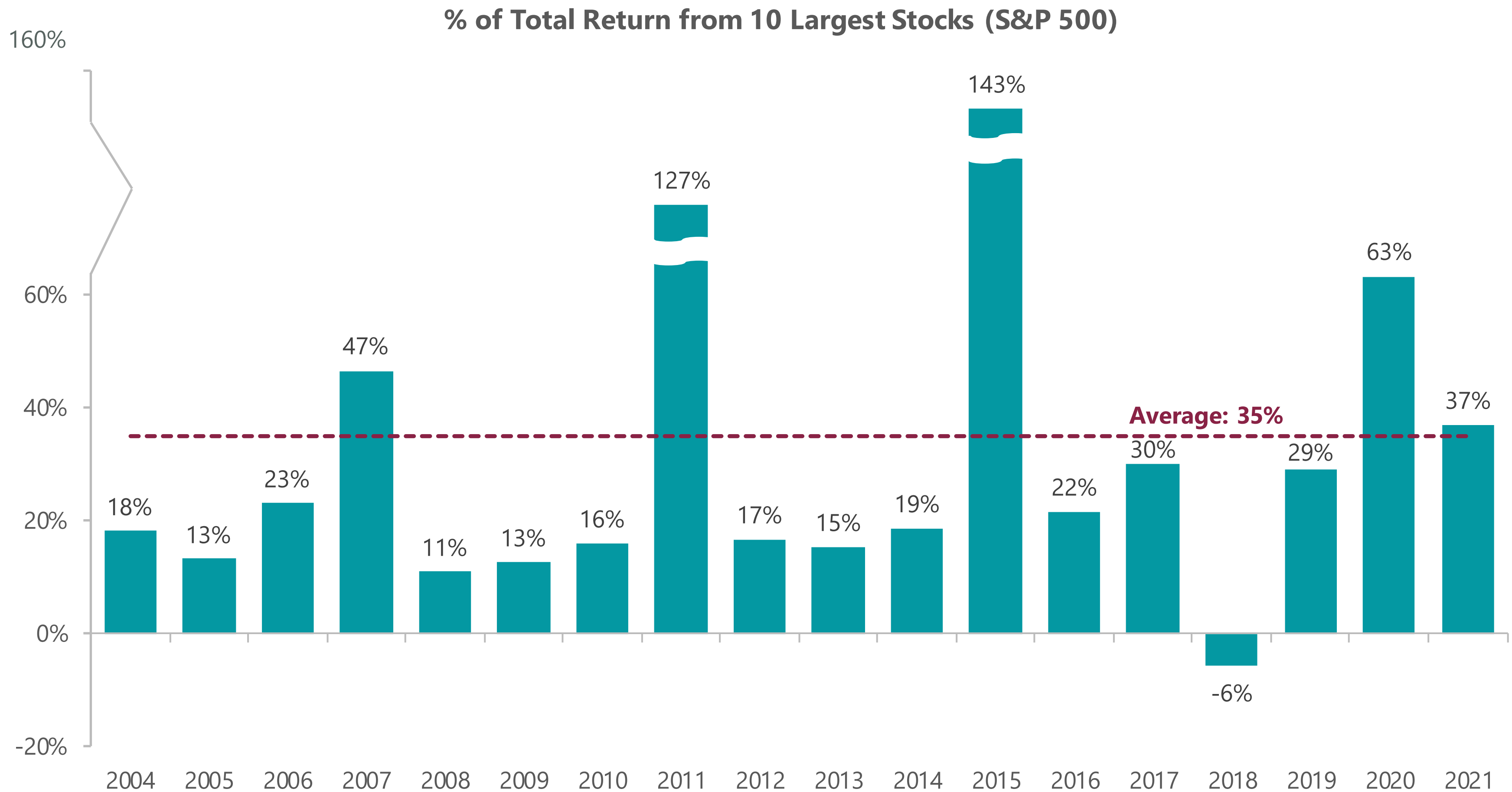
Growth is represented by the Russell 3000 Growth Index, Mega by the Russell 50 Mega Cap Index, Value by the Russell 3000 Value Index, and Small Cap by the Russell 2000 Index. Source: FactSet. Data as of Dec. 31, 2021. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

How Narrow is The Market?

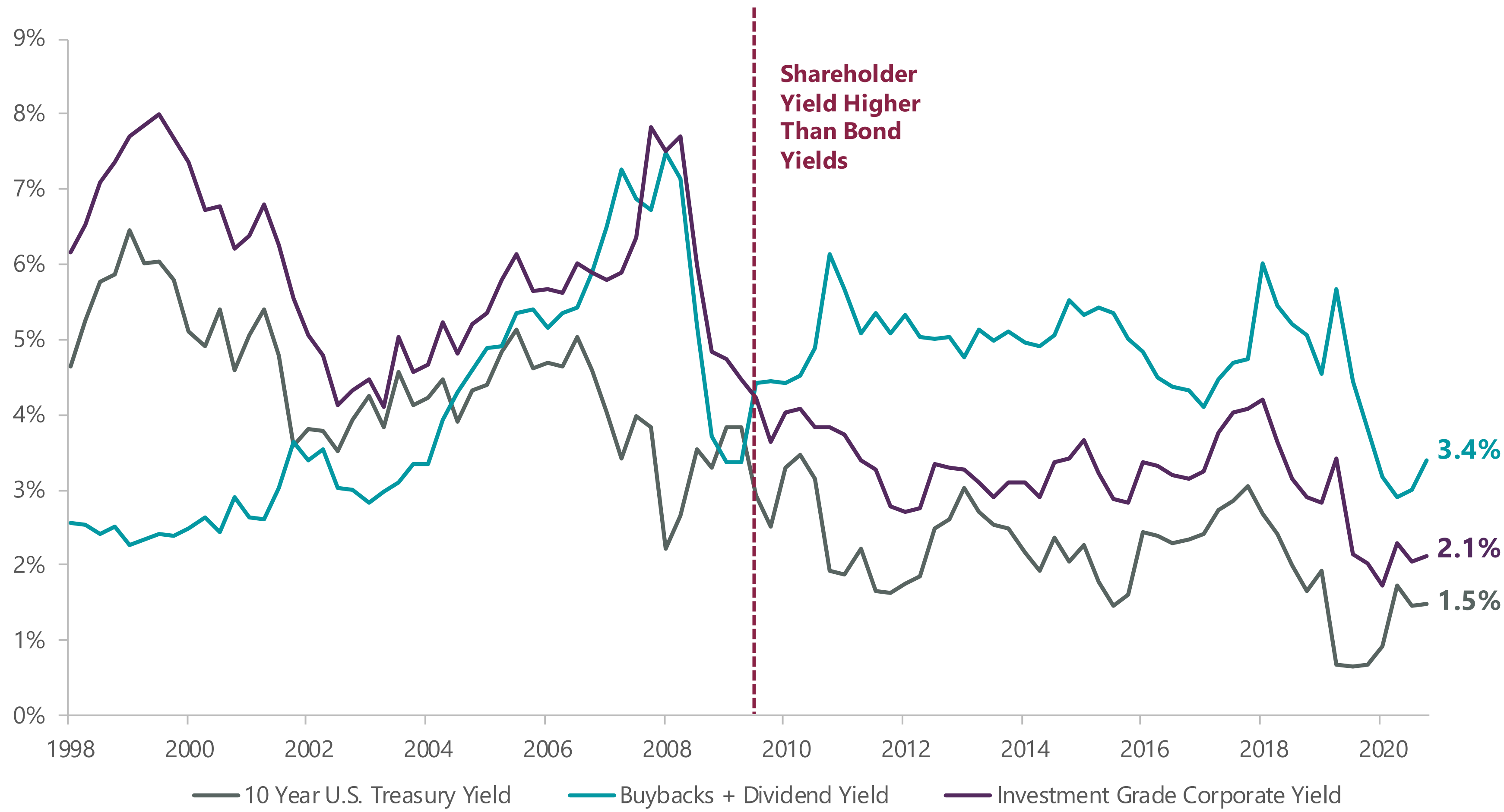


- **The top 10 names represent an outsized share of the benchmark relative to history, a commonly held concern.**
- **However, the share of benchmark returns coming from these names is only modestly above the historical average and has decreased from 2020 levels.**

ClearBridge Investments

Data as of Dec. 31, 2021. Source: FactSet. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

TINA: There Is No Alternative



- **Total shareholder yield (Buyback Yield + Dividend Yield) remains well above the yield on offer from both government and corporate bonds.**
- **Should this dynamic remain in place, it will continue to support higher equity valuations relative to history.**

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Source: S&P, Dow Jones, Bloomberg. Data as of Sept. 30, 2021. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Typical Market Leadership in a Downturn

← Less Defensive — **Most Defensive**

Market Cap	Value	Blend	Growth
Large	**Large Cap Value** **-13.0%** Avg. Perf. **41%** Hit Rate	**Large Cap** **-12.3%** Avg. Perf. **76%** Hit Rate	**Large Cap Growth** **-11.7%** Avg. Perf. **69%** Hit Rate
Mid	**Mid Cap Value** **-14.2%** Avg. Perf. **24%** Hit Rate	**Mid Cap** **-13.7%** Avg. Perf. **31%** Hit Rate	**Mid Cap Growth** **-13.2%** Avg. Perf. **35%** Hit Rate
Small	**Small Cap Value** **-14.8%** Avg. Perf. **21%** Hit Rate	**Small Cap** **-14.2%** Avg. Perf. **24%** Hit Rate	**Small Cap Growth** **-13.7%** Avg. Perf. **41%** Hit Rate

Less Defensive ↓

Least Defensive

Investment Style

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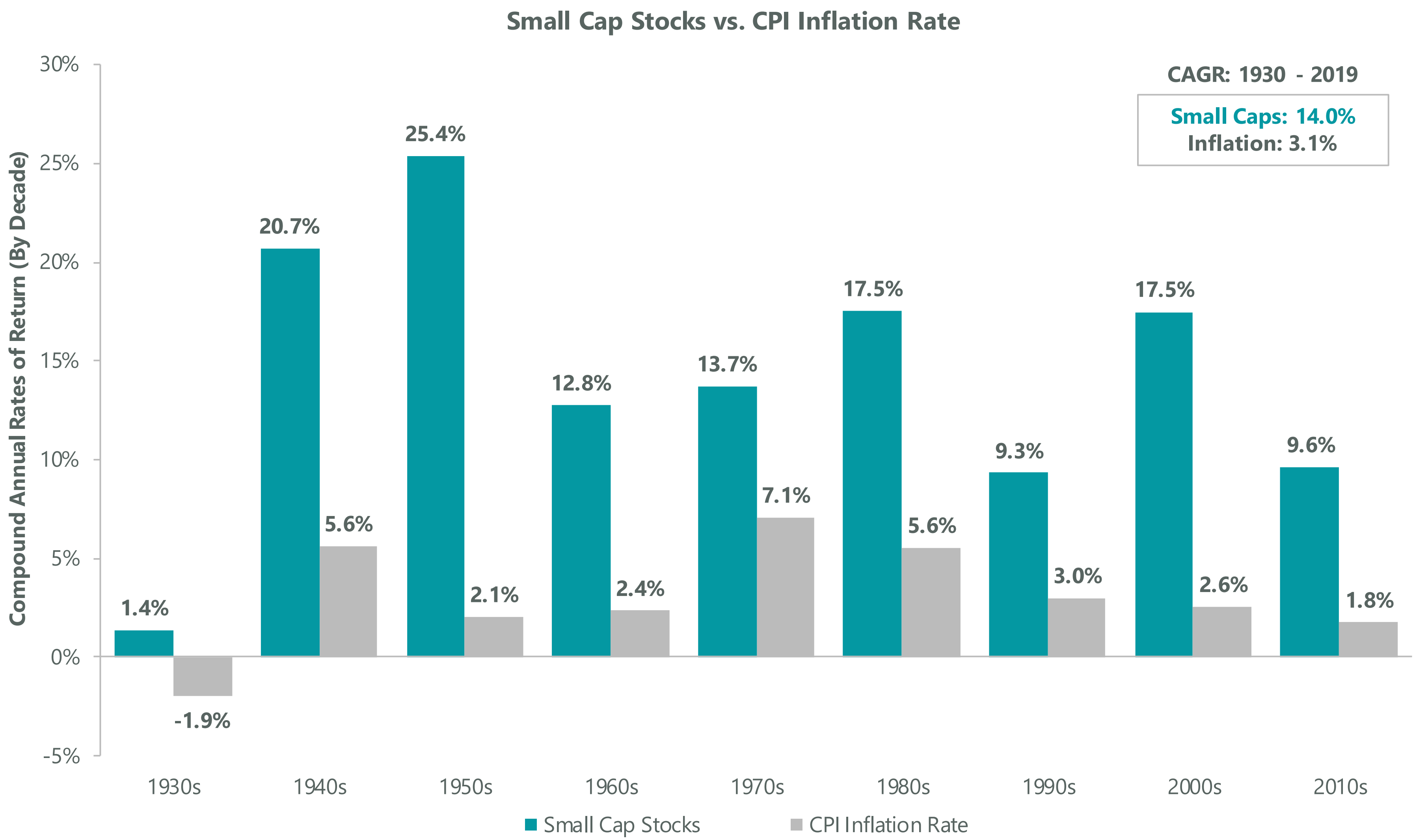
Note: Average performance: average performance during selloffs of 5% or more, Hit Rate: Hit rate of outperformance during 5%+ selloffs, 2005 – present. Benchmarks used: Large Value: S&P 500 Value, Large Blend: S&P 500, Large Growth: S&P 500 Growth; Mid Value: S&P 400 Value, Mid Blend: S&P 400, Mid Growth: S&P 400 Growth; Small Value: S&P 600 Value, Small Blend: S&P 600, Small Growth: S&P 600 Growth. Outperformance frequency calculated relative to S&P 1500 index. Data as of Sept. 30, 2021. Source: S&P, Bloomberg. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Small Caps Unfazed by Inflation



- **Since the 1930s, small cap stocks are the only major asset class to outperform inflation in each decade.**

ClearBridge Investments

Source: Ibbotson Small Cap Index-Morningstar, Bureau Labor Statistics. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Valuations Support Small & Mid Cap Stocks

- **Small & mid cap stocks have historically traded at a premium to Large. This is not currently the case.**

Small & Mid Cap Leadership Typically Lasts Longer

Small vs. Large Cap

Recession End	First 12 Months	Second 12 Months	Next 12 Months
Nov. 1982	10.4%	-9.3%	0.1%
March 1991	9.7%	0.4%	10.6%
Nov. 2001	5.6%	19.7%	5.2%
June 2009	6.9%	6.3%	-5.7%
April 2020	25.8%	-13.2%*	?
Average (Prior 4 Recessions)	**8.2%**	**4.3%**	**2.6%**

*Second 12 Months since Apr. 2020 reflects stub performance through Dec. 31, 2021

Mid vs. Large Cap

Recession End	First 12 Months	Second 12 Months	Next 12 Months
Nov. 1982	3.4%	-3.7%	1.8%
March 1991	6.7%	5.2%	4.0%
Nov. 2001	6.8%	13.8%	6.2%
June 2009	10.1%	6.9%	-5.5%
April 2020	10.1%	-5.4%*	?
Average (Prior 4 Recessions)	**6.8%**	**5.6%**	**1.6%**

*Second 12 Months since Apr. 2020 reflects stub performance through Dec. 31, 2021

- **Following a recession, small and mid cap stocks have typically outpaced their large cap brethren over the next three years.**
- **Given weakness in year two so far, an opportunity could exist if the historical trend holds.**

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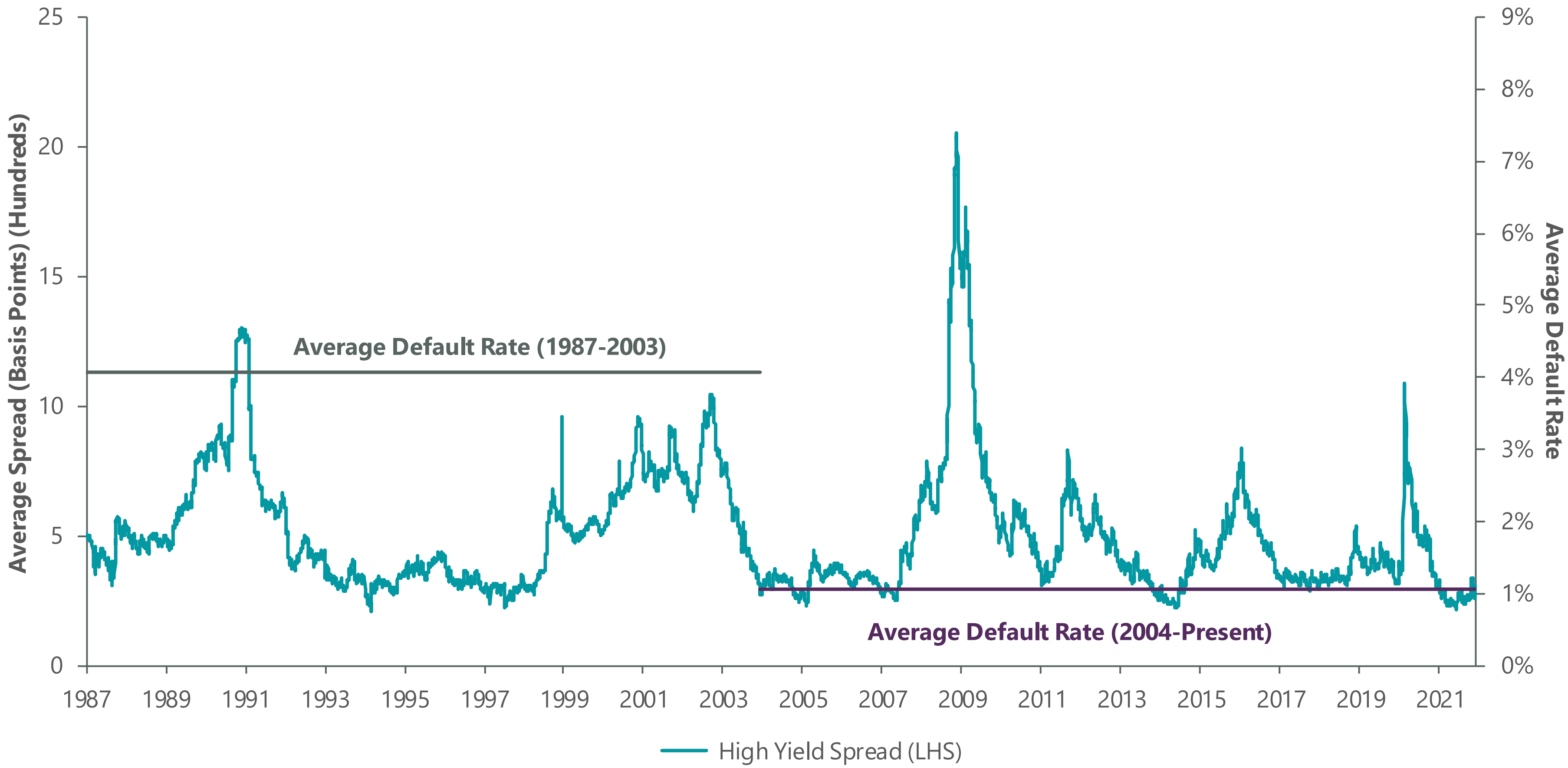
Small Cap = Russell 2000 Index, Mid Cap = Russell Mid Cap Index, and Large Cap = Russell 1000 Index. Source: FactSet. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. Not a recommendation to buy or sell any security.

Could Spreads Go Even Lower?



- **While credit spreads are near the low end of their historical range, default rates have been substantially lower since 2004.**
- **Lower default rates mean investors may demand less compensation in order to take credit risk.**

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Data as of Dec. 31, 2021. Source: Federal Reserve Bank of St. Louis, FactSet. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Glossary of Terms

BEA: Bureau of Economic Analysis

Bloomberg Barclays US Corporate Investment Grade Bond Index: an unmanaged index of U.S. investment-grade corporate bond securities

Capex (Capital expenditures): corporate spending on productive assets (such as buildings, machinery and equipment, vehicles) intended to increase capacity or efficiency for more than one accounting period.

EPS (Earnings per Share): the portion of a company's profit allocated to each outstanding share of common stock.

GDP: Gross Domestic Product

GFC (Great Financial Crisis): the severe economic and market downturn experienced in 2007-2008.

LEI Index: Conference Board Leading Economic Indicators index.

MSCI All Country World Index: unmanaged index of large- and mid-cap stocks in developed and emerging markets.

MSCI EM Index: unmanaged index of large- and mid-cap stocks in 27 emerging market countries.

MSCI EAFE Index: unmanaged index of equity securities from developed countries in Western Europe, the Far East, and Australasia.

MSCI USA Index: unmanaged index of US large- and mid-cap equity securities.

NFIB (National Federation of Independent Business): a U.S. small business advocacy association, representing over 350,000 small and independent business owners.

NFIB Small Business Optimism Index: measure of small business sentiment produced by the National Federation of Independent Business based on its monthly survey of small business owners.

P/E Ratio: Price/Earnings ratio

PMI: Purchasing Manager's Index

Quantitative easing (QE): Monetary policy implemented by a central bank in which it increases the excess reserves of the banking system through the direct purchase of debt securities.

Russell 2000 Index: unmanaged index of small-cap stocks.

Shibor: Shanghai Interbank Offered Rate

S&P 500 Index: Unmanaged index of 500 stocks that is generally representative of the performance of larger companies in the U.S.

VIX: VIX is the ticker symbol and the popular name for the Chicago Board Options Exchange's CBOE Volatility Index, a popular measure of the stock market's expectation of volatility based on S&P 500 index options.

Yield Curve: Comparison of interest rates at a point in time of bonds with equal credit quality but different maturity dates.

YoY: Year Over Year

U.S. Treasurys: Direct debt obligations issued and backed by the "full faith and credit" of the U.S. government. The U.S. government guarantees the principal and interest payments on U.S. Treasuries when the securities are held to maturity. Unlike U.S. Treasury securities, debt securities issued by the federal agencies and instrumentalities and related investments may or may not be backed by the full faith and credit of the U.S. government. Even when the U.S. government guarantees principal and interest payments on securities, this guarantee does not apply to losses resulting from declines inthe market value of these securities.

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