The Evolution of Portfolio Commentary
A Distinguished History in Equity Market Investing

Well-established global investment manager with a legacy dating back more than 50 years
• $103.9 billion in AUM
• Headquartered in New York with offices in Baltimore, San Francisco and Wilmington
• Operating with investment independence, wholly-owned subsidiary of Legg Mason
• 216 employees

ClearBridge Timeline

1962-1997
- Individual, specialized asset management firms
  - Smith Barney Asset Management
  - Loeb Rhoades Asset Management
  - Davis Skaggs Asset Management
  - Shearson Asset Management
  - Salomon Bros. Asset Management

1998-2005
- Citigroup forms a Combined Asset Manager
  - Citigroup Asset Management

2005-present
- Benefits of Scale
- Singular Focus on Investment Management
Company Overview
- $32M in Funding
- 8 Patents Issued, 13 Pending
- 70 Employees
- 70 Enterprise Customers
- Over 12,000 SMB Users
- Offices in Chicago, D.C. and New York

Enterprise Customers Include

Investors

- USAA
- SVAngel
- Battery Ventures
- SAPPHIRE VENTURES
- IQT

- ClearBridge Investments
- NUVEEN Investments
- Forbes
- CREDIT SUISSE
- MasterCard
- Deloitte
- PayScale
- American Century Investments
Our Commentary Process

- 130+ Commentary deliverables/quarter
- 30+ Strategies
- 4 Primary Channels
  - Retail
  - Institutional
  - Client Service
  - Distribution Partners/RFIs/RFPs/Offshore
- 30+ annual shareholder reports/board books
- Ad-hoc RFP components
Working with Narrative Science

Data Sources & Treatments  Stories & Algorithms  Editorial Styles & Preferences

Testing & Validation  Assess & Evaluate
Results

• Ongoing assessment
• Shift from parallel to single process
• Expand to cover additional product sets
ASSET MANAGERS ACCELERATE TIME-TO-MARKET, FROM WEEKS TO SECONDS

Quill transforms institutional risk and returns data
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International Growth Fund Outperforms the MSCI EAFE

The International Growth Fund generated a 1.03% return for the quarter ending June 28, 2019, outperforming the benchmark by 180 basis points (bps). Stock selection and sector allocation both helped relative performance against the MSCI EAFE during the quarter.

*Specifically, the fund’s overweight position in Japan-based Tokyo Tatemono Co. hindered performance as the stock had a down quarter.*

Relative to the benchmark, the fund’s overweight allocation to the Consumer Discretionary sector and stock selection within the Consumer Staples sector contributed to returns. The fund’s larger exposure to Pigeon Corporation was a driver of the fund’s outperformance in the Consumer Staples sector, and the allocation to JP Holdings, Inc provided a significant boost to relative returns in the Consumer Discretionary sector. JP Holdings, Inc increased by 36% during the quarter and was not held by the benchmark.

On a relative basis, stock selection in the Financials sector detracted from returns over the quarter. Specifically, the fund’s overweight position in Japan-based Tokyo Tatemono Co. hindered performance as the stock had a down quarter.

On a country basis, the United Kingdom was the region with the best relative performance. Stock selection was the driver of performance in the region, and Rightmove Plc was the top contributor within the fund. The fund’s overweight allocation to Australia also contributed to relative returns. The fund’s exposure to Canada and the Netherlands detracted from relative returns.

**Top Influence**

- The fund’s overweight position in AMP Limited relative to the benchmark contributed to returns in Australia.
- Overweight positions in Rightmove and Keller Group versus the benchmark helped drive the strong performance of the United Kingdom.
- Chicago Bridge & Iron Co. detracted from the fund’s returns in the Netherlands.
- On a sector basis, the fund’s overweight positions in European Aeronautics, Defense & Space and Deutsche Lufthansa drove the strong performance of Industrials.
- Hulic Co. contributed positively even though the Financials sector underperformed the benchmark.

**Top 5 Stocks by Absolute Return Contribution to Fund Performance**

The stock that contributed the most to the portfolio was Arcam A/B. This security alone contributed 0.32% to the fund’s overall return during the period. Including Arcam A/B, there were 89 other stocks that had a positive contribution, out of 264 securities held.

- Arcam A/B 0.32
- Sunilomo Mitsui Financial Group, Inc. 0.32
- JP Holdings 0.31
- Hulic Co. 0.29
- Wuxi Co 0.27

**Bottom 5 Stocks by Absolute Return Contribution to Fund Performance**

There were more detractors than there were contributors, with 10% holdings taking away from returns. Aberdeen Asset Management PLC dragged on returns the most.

- Aberdeen Asset Management: -0.30
- Air Canada: -0.28
- Chicago Bridge & Iron: -0.24
- Tokyo Tatemono Co: -0.21
- Isuzu Motors: -0.20

into comprehensive portfolio commentary.
Thank You