



## Small Cap Growth Strategy

### Strategy Overview

Small cap growth stocks

**Benchmark:** Russell 2000 Growth Index

**Strategy Inception:** October 1997

**Strategy AUM:** \$7.3B

**Holdings Range:** 60-90<sup>1</sup>

### Objective:

Long-term growth of capital<sup>3</sup>

### Investment Philosophy

Small cap stock prices may vary significantly from fair value in the short run, due to the mispricing of risk in the market, the deluge of short-term data and market illiquidity. Companies with superior prospects for capital appreciation may be identified through fundamental analysis and stock selection.

### Performance

A focus on innovation and share takers has enabled the Strategy to deliver competitive long-term results.

### Portfolio Management Team

#### ▶ Aram Green

Managing Director, Portfolio Manager, 20 years experience

#### ▶ Jeffrey Russell CFA

Managing Director, Portfolio Manager, 40 years experience

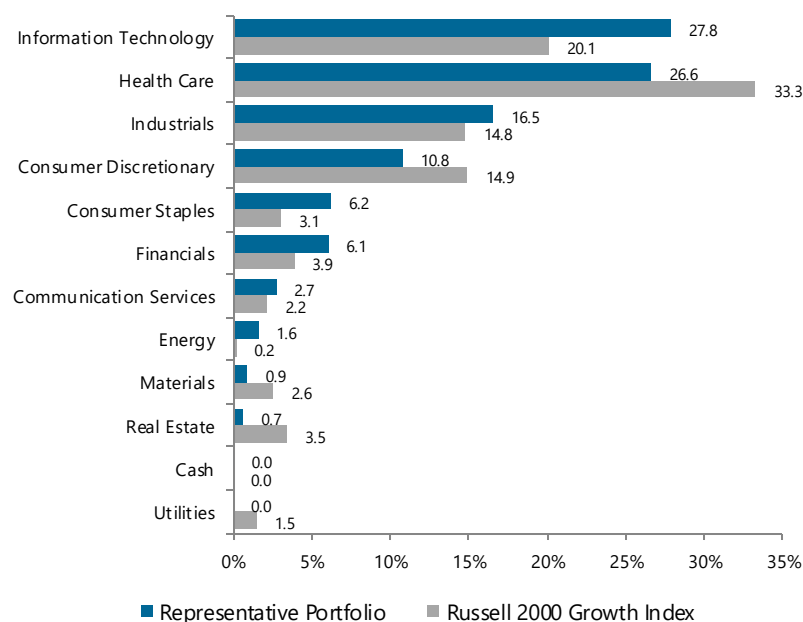
### Fundamental Research Platform

- ▶ Co-portfolio managers leverage the firm's proprietary research team of experienced analysts for investment ideas and insights
- ▶ Three portfolio analysts dedicated exclusively to supporting the Small Cap Growth strategy and related small- and mid-cap portfolios

### Average Annual Total Returns (% Gross of Fees)<sup>2</sup>

	1 Qtr	1 Year	3 Years	5 Years	7 Years	10 Years
ClearBridge Small Cap Growth Composite	4.58	98.55	24.00	24.53	15.61	16.46
Russell 2000 Growth Index	4.88	90.20	17.16	18.61	12.77	13.02

### Sector Weightings<sup>1,2</sup>



### Investment Process

- Generate investment ideas through company meetings, financial analysis and collaboration among portfolio managers, portfolio analysts and centralized research platform
- Conduct fundamental research to gauge attractiveness from a business model, financial structure, management and valuation standpoint
- Construct portfolio of high conviction growth stocks with a focus on share takers generating unit growth via innovative products and services
- Ongoing portfolio review, with attention to valuation and risk management

## Portfolio Characteristics & Risk Statistics<sup>1,2</sup>

Characteristics	Representative Portfolio	Russell 2000 Growth Index
P/E Ratio (trailing 12 mos.)	37.9	32.1
P/E Ratio (forward 12 mos.)	33.8	26.4
Price/Book	9.0	7.4
EPS Growth Next 3-5 Years (%)	24.3	21.5
Weighted Median Market Cap (\$ bn)	4.2	3.5
Weighted Average Market Cap (\$ bn)	5.9	4.1
ROE	-1.7	-2.8
Dividend Yield	0.2	0.4
Turnover (trailing 12 mos.)	23.2	--

10 Year Risk Statistics	Composite	Russell 2000 Growth Index
Standard Deviation (%)	18.90	19.27
Sharpe Ratio	0.87	0.70
Tracking Error (%)	5.53	--
R <sup>2</sup>	0.92	--
Alpha (%)	3.85	--
Beta	0.94	--

## Top 10 Holdings<sup>1</sup>

Security	% of Total Representative Portfolio
Trex Co Inc	3.35
Penumbra Inc	2.79
Chegg Inc	2.72
Fox Factory Holding Corp	2.69
BJ's Wholesale Club Holdings Inc	2.41
Monolithic Power Systems Inc	2.37
National Vision Holdings Inc	2.16
ICON PLC	2.07
Western Alliance Bancorp	2.02
Syneos Health Inc	1.98
<b>Total</b>	<b>24.56</b>
<b>Total Number of Holdings</b>	<b>87</b>

<sup>1</sup> Source: FactSet. Representative portfolio characteristics, holdings, sector weightings and market capitalization are based on a representative portfolio and are subject to change at any time. Holdings, sector weightings, market capitalization 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.

### Small Cap Growth Strategy as of Dec. 31, 2020

ClearBridge Investments, LLC (ClearBridge) claims compliance with the Global Investment Performance Standards (GIPS®). ClearBridge is a wholly-owned subsidiary of Legg Mason, Inc. ("Legg Mason"). The investment advisory business now known as ClearBridge was registered in Sept. 2005 to facilitate Legg Mason's acquisition of substantially all the equity asset management businesses known as Citigroup Asset Management. These former businesses serve as the foundation of ClearBridge and its claim of GIPS compliance for institutional accounts through predecessor

<sup>2</sup> Past performance is no guarantee of future results. Please see GIPS endnotes.

Performance is preliminary and subject to change.

<sup>3</sup> There is no guarantee that the Portfolio's objective will be met. P/E ratios are weighted harmonic average. Price/Book is weighted average. Performance source: Internal. Benchmark source: Russell Investments. Frank Russell Company ("Russell") is the source and owner of the trademarks, service marks and copyrights related to the

Russell Indexes. Russell® is a trademark of Frank Russell Company. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes and/or Russell ratings or underlying data and no party may rely on any Russell Indexes and/or Russell ratings and/or underlying data contained in this communication. No further distribution of Russell Data is permitted without Russell's express written consent. Russell does not promote, sponsor or endorse the content of this communication.

	1 Year	3 Years	5 Years	10 Years
Net-of-fees	43.86	23.62	20.24	15.93
Gross-of-fees	45.05	24.66	21.25	16.91
Russell 2000 Growth	34.63	16.20	16.36	13.48

firms, effective as of Jan. 1997. In June 2008, ClearBridge combined this business with its retail business to form a single GIPS firm. As of Apr. 1, 2013 and Jan. 1, 2016, ClearBridge's affiliates, Global Currents Investment Management, LLC, and ClearBridge, LLC, respectively, have become part of the ClearBridge GIPS firm. In July 2020 Legg Mason, Inc. was purchased by Franklin Resources Inc. The ClearBridge Small Cap Growth Composite primarily invests in small capitalization stocks, non-U.S. equity securities and cash, with an objective of outperforming the Russell 2000

Growth Index. Results are calculated in U.S. dollars. The Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. To receive a complete list and description of ClearBridge composites and/or a presentation that adheres to the GIPS standards, please contact ClearBridge Institutional Marketing. **Past performance is no guarantee of future results.**