ClearBridge Sustainability Leaders Fund (IS shares)

General Fund Information

Ticker: LCILX

Assets under management (AUM): $14.33M (in US$ millions)

General Fund Type: All Cap

Specific Sizes or Types of Investments: Invests in the equity securities of companies that meet the managers' financial and sustainability/environmental, social and governance (ESG) criteria, or that the managers believe are making substantial progress toward becoming a leader in sustainability.

Financial Objective: The Fund seeks to provide long-term growth of capital.

Specific ESG Focus: The managers take a broad view of sustainability, including companies that practice environmental stewardship, treat their employees fairly, manage its supply chain responsibly and employ corporate governance practices that are transparent and shareholder-friendly. ClearBridge may also invest in companies that offer products and services that have a positive impact on society, and looks for companies that go beyond doing relatively less harm but also offer solutions to address the negative impact of less responsible companies.

To invest, call: ClearBridge Investments 1-800-691-6960

Fund Institution Information

Institution Name:
ClearBridge Investments

Mutual Funds Description: ClearBridge Investments is a well-established global investment manager with approximately $125 billion in assets under management (as of Dec. 31, 2018). With a legacy dating back over 50 years, our long-tenured portfolio managers and fundamental research team focus on building equity portfolios for clients who seek income solutions, high active share or low volatility. Owned by Legg Mason, ClearBridge operates with investment independence from headquarters in New York and offices in Baltimore, San Francisco, London and Wilmington. At ClearBridge Investments, all equity strategies start with the same fundamental principle: the key to long-term success is selecting high-quality companies through rigorous research and analysis. Driven by the insight and expertise of portfolio managers and analysts, ClearBridge’s time-tested investment process has guided the Firm throughout its history. Strengthened by advanced trading and risk management systems, ClearBridge’s disciplined, methodical approach is designed to achieve consistent top-tier performance over the long term.

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Account Minimums

Minimum Account: $1 million for institutional investors (dependent on share class chosen) - see prospectus for more details

Minimum IRA: Minimum subject to share class (see prospectus for more details)

Methodology

Screening Venue: In-house

Screening Party: ClearBridge Fundamental Research Team

Screening Database Used: Internal (proprietary ESG team), Bloomberg ESG and MSCI (aka RiskMetrics/Innovest/ISS/KLD)

Screening Process: ClearBridge’s proprietary ESG evaluation process is integrated into fundamental research and stock selection as part of a bottom-up approach to investing that seeks best-in-class names within each industry. The primary source of ESG research is the Firm’s internal Fundamental Research Team, whose analysts have specific ESG criteria that they consider in addition to the fundamental research coverage of portfolio holdings.

Proxy Voting Information

Proxy Voting Guidelines or Policies: Open external link in new window

Proxy Voting Records: Open external link in new window

Specific Screening Information by Category

Environment

- Climate / Clean Technology: Positive Investment - Wind, solar, hydro
- Pollution / Toxics: Combination of Positive and Restricted/Exclusionary Strategies - We avoid the bad actors, and try to support the better performing companies on pollution issues.
- Other Environmental: Positive Investment - The ESG program utilizes a proactive approach to environmental issues screening, with a focus on identifying those companies that are constructively addressing the environmental issues that arise in their operating arena, whether driven from regulatory initiatives, multilateral public policy initiatives, changing societal attitudes, and/or shifting consumer values.

Social

- Community Development: Positive Investment - Considers issues relating to mission-related philanthropy, volunteerism, human rights responsiveness and public policy engagement.
- Diversity & Equal Employment Opportunity: Positive Investment - Consider diversity issues with a focus on identifying those companies that we believe have management teams that recognize and address constructively the contribution of a diverse workforce and management team in an increasingly multicultural, global economy.
- Human Rights: Positive Investment - Screens address a broad array of issue areas including sweatshops and child labor, forced labor, freedom of association, wages and compensation, and operations in countries associated with oppressive regimes, documented human rights abuses or lack of public participation in decision-making.
- Labor Relations: Combination of Positive and Restricted/Exclusionary Strategies
- Conflict Risk: Restricted/Exclusionary Investment

Governance

- Board Issues: Positive Investment - Considers such issues as management structure, board composition, governance guidelines, transparency and disclosure.

Products
- **Alcohol:** *Restricted/Exclusionary Investment* - Excludes companies that have significant involvement in the manufacture of alcoholic beverages.

- **Animal Welfare:** *Positive Investment* - Considers such issues as conducting tests on animals for personal care, cosmetic, medical/surgical, or household/other consumer products. Also considers issues related to companies that manufacture animal products.

- **Defense/Weapons:** *Restricted/Exclusionary Investment* - Excludes companies that have significant involvement in the manufacture of firearms, ammunition, or other weapons, as well as companies that have significant weapons-related contracts with the Department of Defense/Department of Energy.

- **Gambling:** *Restricted/Exclusionary Investment* - Excludes companies that have significant involvement in the provision of gaming services.

- **Tobacco:** *Restricted/Exclusionary Investment* - Excludes companies that have significant involvement in the manufacture of tobacco products.

**Other**

- **Other/Qualitative:** ClearBridge’s proprietary ESG Rating System assigns scores to companies on an on-going basis. Each stock recommended carries a definitive rating, or proprietary score that is intended to signal how well a company has executed its ESG practices. The ratings are monitored continuously and updated annually, barring a significant change or event.

- **Shareholder Engagement - Private Dialogue:** Conducted with companies on environmental, social or governance issues

- **Description of Shareholder Engagement:** At ClearBridge we proactively and regularly engage companies on ESG issues. The topics we discuss with companies vary depending on what issues are relevant to the individual company and are based on our analyst's knowledge and understanding of the particular industry. The engagements occur in various ways, including one-on-one meetings with senior management as part of our integrated research process and through our active participation in various ESG organizations.

**Performance Data**

**Data provided by:** Bloomberg - Information current as of January 31, 2020

- **Year-to-date rate of return:** 1.46%
- **1-year rate of return:** 28.63%
- **3-year rate of return:** 17.66%
- **5-year rate of return:** --
- **10-year rate of return:** --
- **Previous year rate of return:** 37.85%

- **Management fee:** 0.65%
- **Expense ratio:** 0.75%
- **Standard deviation:** 10.95%

- **Benchmark used:** Russell 3000 | External link

**Disclaimer:** Equity securities are subject to price fluctuation and 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. As a non-diversified Fund, it is permitted to invest a higher percentage of its assets in any one issuer than a diversified fund, which may magnify the Fund’s losses from events affecting a particular issuer.