LEGG MASON
GLOBAL ASSET MANAGEMENT

LEARNING FROM THE LESSONS OF TIME

INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

THE ISSUES THAT WORRY INVESTORS TODAY AREN'T NEW

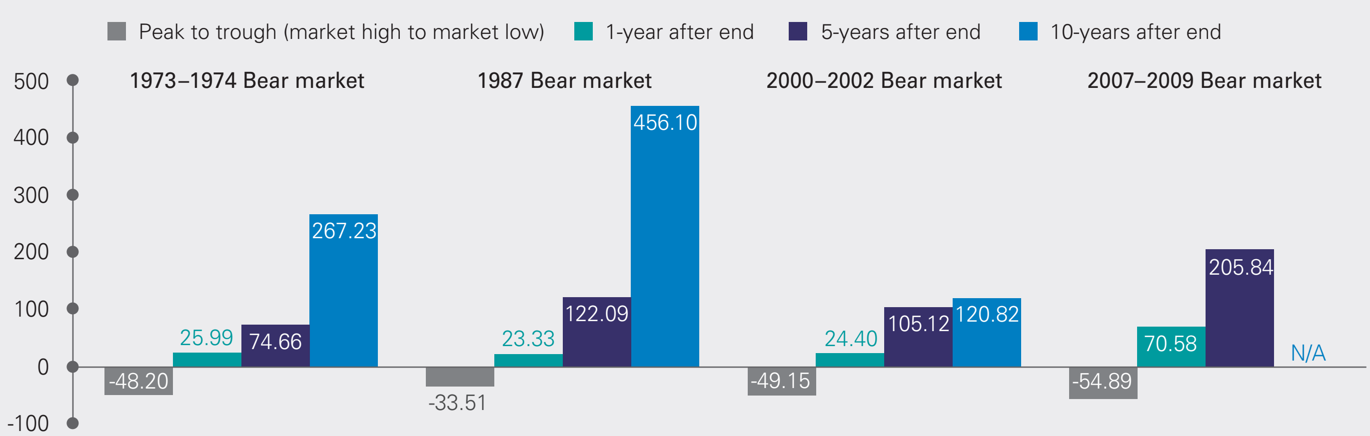
Staying focused despite the day-to-day distractions of the market is never easy, especially during periods of economic uncertainty. However, investors who seek the guidance of a trusted Financial Professional and remain committed to their investment plans, even when it's tempting to head to the sidelines, are better positioned to realize their short- and long-term goals.

A few "history lessons" to consider

For every bear, there's a bull...and for every bull, there's a bear

The chart below shows how dramatically the stock market (as represented by the S&P 500) bounced back from its lowest point during four bear markets over the last few decades. Of course, investors during these periods couldn't possibly have known their investment would grow so dramatically...but they could have remained fully invested, confident in the knowledge that markets recover over time.

Cumulative total returns of the S&P 500[1] (%)



[1] Source: Standard & Poor's, a division of the McGraw-Hill Companies, Inc., GPW (Legg Mason internal system) and Morningstar Direct.

Past performance is no guarantee of future results.

This chart is for illustrative purposes only and is not indicative of performance of any specific investment. All investments involve risks, including loss of principal. Please note that an investor cannot invest directly in an index. Unmanaged index returns do not reflect any fees, expenses or sales charges. This chart illustrates the historical performance of the Standard & Poor's 500 Index (S&P 500) before and after the bear market bottoms of October 3, 1974, December 4, 1987, October 9, 2002 and March 9, 2009. Cumulative total returns include reinvestment of dividends and capital gains. The **S&P 500 Index** is an unmanaged index of 500 stocks that is generally a representation of the performance of larger companies in the U.S.

Don't let emotions drive your decisions

Emotions can lead to irrational decision making and impulsive decisions that compromise the realization of stated goals. Before you react impulsively, make a list of your concerns, revisit your goals and review your strategy. If your goals and/or priorities have changed, or if you believe your strategy is no longer appropriate given the economic environment, contact your Financial Professional. When there is fear and uncertainty in the air, when there is scary news that makes you question what you should do, that's when it's most important to talk to your Financial Professional. He or she can provide the perspective you need to understand the situation at hand and how it relates to your individual goals and strategy.

Understand your tolerance for risk

Risk is part of investing. You can limit it, you can defend against it, but you can't eliminate it. The important thing is to have a well-informed understanding of how much risk you can tolerate by working closely with your Financial Professional. By having a well-informed understanding of your tolerance for risk, your Financial Professional can construct a long-term investment strategy suited to your needs.

Be diversified[2]

Despite the best efforts of investment professionals, it's virtually impossible to guess in advance which asset class will have the best return in any given year. Spreading your investment dollars between different asset classes is an important tool to manage investment risk, especially during periods of market volatility.

Stay invested

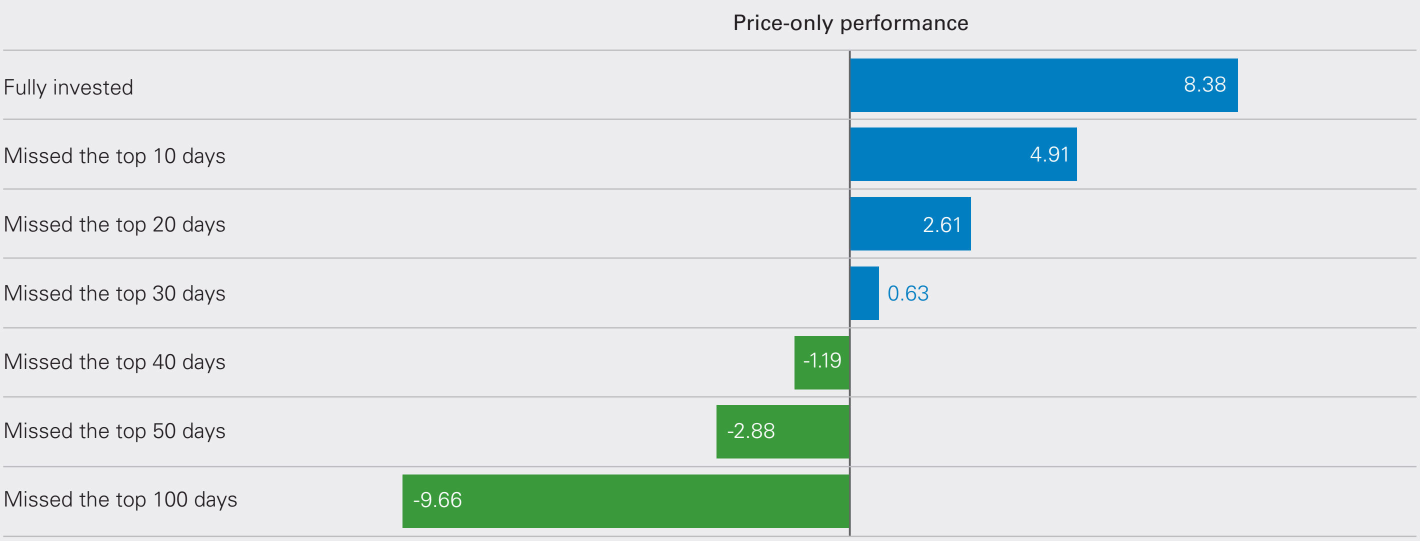
Investors who stay the course have historically been rewarded for their patience. When you look at market performance over decades rather than just a year or two, you find that while it may contract, it also expands — with the gains often concentrated in a handful of trading days.

Work closely with a trusted Financial Professional

A trusted Financial Professional works with you to identify your goals, needs and aspirations to align your short- and long-term goals with your own risk tolerance. A Financial Professional also offers much-needed perspective by helping to identify the consequences of impulsive and irrational decisions. Most importantly, your Financial Professional, backed by the resources of his/her own firm, helps you achieve your goals by providing valuable insight and guidance on economic issues, the markets, specific investments and strategies.

Market returns (%)

S&P 500 Index from January 2, 1996–December 31, 2015[3]



[2] Diversification does not assure a profit or protection against market loss.

[3] Source: Morningstar Direct.

All investments involve risks, including loss of principal. The chart provided is for illustrative purposes only and represents an unmanaged index in which investors cannot directly invest.

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THE DATES MAY CHANGE, BUT THE HEADLINES STAY THE SAME

It's human nature to be concerned about the future, and doom-and-gloom headlines command attention in both good and bad times. Yet a look back at history shows that neither bull or bear markets last forever — and that short-term worries may not be a good indicator to where the market is going.

What matters is keeping a clear head — and recognizing that markets will go both up and down, and at times may even move in opposite directions. When in doubt, talk to your Financial Professional. Revisiting your long-term goals and the logic behind your investment decisions can provide much-needed perspective and help avoid impulsive moves that may work against you in the future.

Source: FactSet and Morningstar Direct.

Past performance is no guarantee of future results. This chart is for illustrative purposes only and is not indicative of performance of any specific investment. An investor cannot invest directly in an index. Unmanaged index returns do not reflect any fees, expenses or sales charges. The Dow Jones Industrial Average (DJIA) is a widely followed measurement of the stock market. The average is comprised of 30 stocks that represent leading companies in major industries. These stocks, widely held by both individual and institutional investors, are considered to be all blue-chip companies.

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4 Source: "Empty Pockets on a Trillion Dollars a Year," *Time*, March 13, 1972.
5 Source: "Seeking Relief from a Massive Migraine," *Time*, September 9, 1974.
6 "Unemployment On the Rise," by James Kelly, *Time*, February 8, 1982.
7 "Banking Takes A Beating," by William Blaylock, Adam Zagorin, Stephen Koepp, *Time*, December 3, 1984.
8 "Who's in Charge?," *Time* cover image, November 9, 1987.
9 "All Shook Up," by John Greenwald, *Time*, October 15, 1990.
10 "Jobs in the Age of Insecurity," by George J. Church, *Time*, November 22, 1993.
11 "Everyone, Back in the Labor Pool," by Daniel Kadlec, *Time*, July 29, 2002.
12 "The New President's Economy Problem," by Justin Fox, *Time*, May 26, 2008.
13 "It's Only Going to Get Worse in Washington," by Michael Scherer; Alex Altman, October 14, 2013.

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