LEARNING FROM THE LESSONS OF TIME
NO MATTER WHAT THE HEADLINES SAY…

The Crash: After a Wild Week on Wall Street, is the World Different?

Will You Ever Be Able to Retire?

The New Hard Times

America’s Banks: Awash in Troubles

Is the U.S. Going Broke?

What Ever Happened to the Great American Job?

The Economy: Is There Light at the End of the Tunnel?

THE DATES MAY CHANGE, BUT THE HEADLINES STAY THE SAME…

Today’s headlines may FEEL like something totally new…

…yet looking at four decades of TIME covers, it’s clear that “we’ve been here before.”
RECESSION AND MARKET FEARS
“Can a nation with a trillion dollar economy be running out of money?”*

The stock market has scarcely been so shaky since 1929. Just about everyone who buys, sells, borrows or invests has that overall feeling of unease.”**

Drastic interest rate hikes from the Fed put the squeeze on credit and the markets, while consumers waited in line for gas.

“Bankers now face their most strenuous survival test since the Great Depression”*

“Black Monday’s 22.6% one-day drop in the Dow terrified investors.” **

“Banks and insurance firms are tottering beneath huge portfolios of bad real estate mortgages”***


** Source: FactSet, based on the performance of the Dow Jones Industrial Average on October 19, 1987. The 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.

“…the job drought, the debt hangover, the defense-industry contraction, the savings and loan collapse, the real estate depression, the health-care cost explosion and runaway federal deficit…”*

Global financial turmoil (and a declining Dow) fuel concerns about the economy

FINANCIAL SECURITY
“All sorts of people who never thought they would be on the jobless lines... are looking for jobs and not finding them”*

“It is doubly troublesome that the ranks of the jobless are growing at a time when many of the cushions softening the pain of unemployment have been deflated”**

“Americans are more worried about their financial future than at any other time since the turbulent 70’s”***

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ETHICS
“The implosion of the huge Texas energy firm and sudden loss of retirement funds for thousands of employees and pensioners opened up all the pathways to Scandal-land…”**

“The whirlwind of activity seems more like a new variation on Mark Twain’s Gilded Age — a time of reckless speculation and profiteering. Amid the hubbub of buying and selling, a host of probing question are being asked about the stock market and its relationship to U.S. capitalism in general.”*

“Nothing we can do can change the past, but everything we do changes the future.”

-Ashleigh Brilliant
For every bear, there’s a bull…

Cumulative total returns of the S&P500 (%) following the 1973-1974 bear market

- Peak-to-trough (market high to market low)
- 1-year after end
- 5-years after end
- 10-years after end

Source: GPW and Dow Jones & Company, Inc. 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. 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 a bear market bottom (October 3, 1974). Cumulative total returns include reinvestment of dividends and capital gains.
For every bear, there’s a bull…

Cumulative total returns of the S&P500 (%) following the 1987 market crash

- Peak-to-trough (market high to market low)
- 1-year after end
- 5-years after end
- 10-years after end

Source: GPW and Dow Jones & Company, Inc. 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. This chart illustrates the historical performance of the Standard & Poor’s 500 Index (S&P 500) before and after a bear market bottom (December 14, 1987). Cumulative total returns include reinvestment of dividends and capital gains. An investor cannot invest directly in an index. Unmanaged index returns do not reflect any fees, expenses or sales charges.
For every bear, there’s a bull…

Cumulative total returns of the S&P500 (%) following the 2000–2002 bear market

- Peak-to-trough (market high to market low)
- 1-year after end
- 5-years after end
- 10-years after end

Source: GPW and Dow Jones & Company, Inc. 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. This chart illustrates the historical performance of the Standard & Poor’s 500 Index (S&P 500) before and after a bear market bottom (October 9, 2002). Cumulative total returns include reinvestment of dividends and capital gains. An investor cannot invest directly in an index. Unmanaged index returns do not reflect any fees, expenses or sales charges.
Cumulative total returns of the S&P500 (%) following the 2007–2009 bear market

- Peak-to-trench (market high to market low)
- 1-year after end
- 5-years after end

Source: GPW and Dow Jones & Company, Inc. 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. This chart illustrates the historical performance of the Standard & Poor’s 500 Index (S&P 500) before and after a bear market bottom (March 9, 2009). Cumulative total returns include reinvestment of dividends and capital gains. An investor cannot invest directly in an index. Unmanaged index returns do not reflect any fees, expenses or sales charges.
A $10,000 investment at the peak of the ’87 market…and what happened based on four reactions to the October ’87 crash through the next twenty years (year-end 2007)

- **Sold**
  - $7,846
- **Sold and moved the assets into CDs earning 5%**
  - $26,750
- **Remained invested**
  - $72,301
- **Remained invested and continued to invest**
  - $225,389

Source: Thomson InvestmentView. *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.* Please note the above illustration does not take into account any fees, expenses or taxes. An investor cannot invest directly in an index. Unmanaged index returns do not reflect any fees, expenses or sales charges. The chart above illustrates a hypothetical investment of $10,000 invested in the Standard & Poor's 500 Index (S&P500) on September 30, 1987, near the market high, and then the subsequent financial impact of various investment strategies on the same portfolio implemented on October 31, 1987, after the market crash on October 19, 1987 through December 31, 2009. The hypothetical “Remained invested and continued to invest” assumes a monthly investment of $200.00. A CD is a debt instrument issued by a bank that usually pays an interest rate set by competitive forces in the marketplace. CDs are FDIC-insured up to $250,000, offer a fixed rate of return, but may be subject to fluctuating rates and early withdrawal penalties.
STAYING IN THE MARKET: IT’S TIME, NOT TIMING

### Market Returns (%)
S&P 500 Index from December 31, 1994 – December 31, 2014

<table>
<thead>
<tr>
<th>Price-only performance</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully invested</td>
<td>7.55</td>
</tr>
<tr>
<td>Missed the top 10 days</td>
<td>3.95</td>
</tr>
<tr>
<td>Missed the top 20 days</td>
<td>1.57</td>
</tr>
<tr>
<td>Missed the top 30 days</td>
<td>-0.49</td>
</tr>
<tr>
<td>Missed the top 40 days</td>
<td>-2.37</td>
</tr>
<tr>
<td>Missed the top 50 days</td>
<td>-4.08</td>
</tr>
<tr>
<td>Missed the top 100 days</td>
<td>-11</td>
</tr>
</tbody>
</table>

Sources: Morningstart Direct as of 12/31/14. **Past performance is no guarantee of future results. 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. Unmanaged index returns do not reflect any fees, expenses or sales charges. Performance shown does not represent the past or future performance of any investment product.
PRINCIPLES THAT HAVE STOOD THE TEST OF TIME

• Recognize that the issues that worry investors today aren’t necessarily new
• Stay focused on the big picture
• Don’t let emotions drive your decisions
• Understand your tolerance for risk
• Stay invested
• Be diversified*
• Work closely with a trusted financial advisor

*Diversification does not ensure a profit or protect against a market loss.
“The more things change, the more they remain the same.”

-Jean-Baptiste Alphonse Karr
IMPORTANT INFORMATION

• *Time* magazine cover images used in this presentation include:

  • “Is the U.S. Going Broke?” March 13, 1972
  • “Economy: The Big Headache” September 9, 1974
  • “Recession’s Greetings,” December 19, 1974
  • “Revolt of the Old: The Battle Over Forced Retirement,” October 10, 1977
  • “Unemployment: The Biggest Worry,” February 8, 1982
  • “America’s Banks – Awash in Troubles,” December 3, 1984
  • “High Tech Wall Street: Is it Good For America?” November 10, 1986
  • “Whatever Happened to Ethics,” May 25, 1987
  • “The Crash,” November 2, 1987
  • “High Anxiety,” October 15, 1990
  • “The Economy: Is There Light at the End of the Tunnel?” September 28, 1992
  • “Whatever Happened to the Great American Job?” November 22, 1993
  • “Is the Boom Over?” September 14, 1998
  • “Looking Beyond the Bear” March 24, 2001
  • “Will You Ever Be Able To Retire?” July 29, 2002
  • “Surviving the Lean Economy,” May 26, 2008
  • “Why Main Street Hates Wall Street,” November 9, 2009
  • “We’ve Got More Work to Do” November 19, 2012
  • “Majority Rule.” October 14, 2013
  • “Change” November 17, 2014

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