

Learning from the lessons of time



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

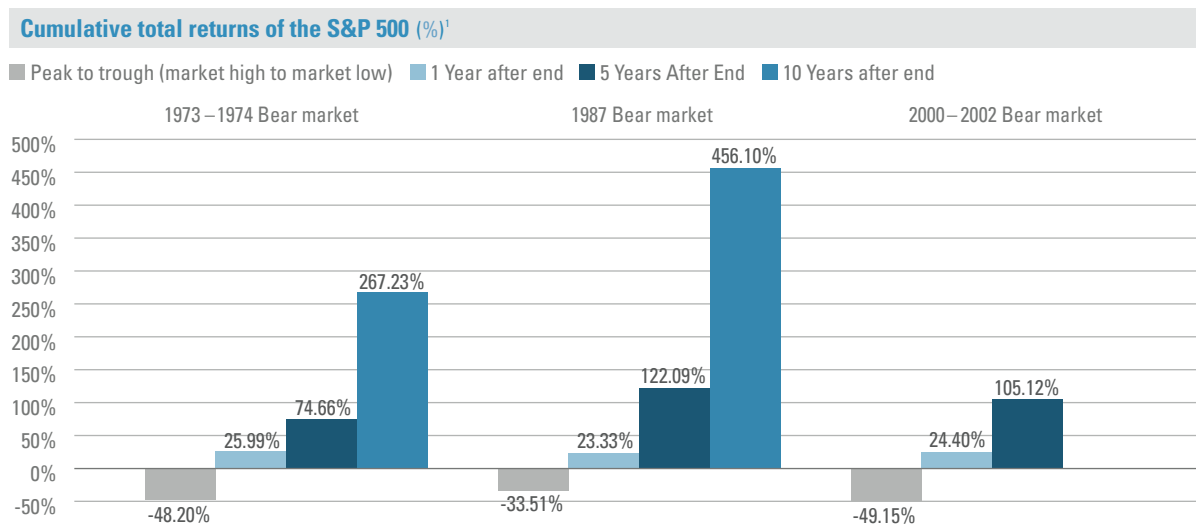
The issues that worry investors today aren't new

Staying focused despite the day-to-day distractions of the market is never easy, especially during periods of great economic uncertainty. However, investors who seek the guidance of a trusted financial advisor 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 three recent bear markets. 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.



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

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. This chart illustrates the historical performance of the Standard & Poor's 500 Index (S&P 500) before and after the bear market bottoms of 10/3/74, 12/4/87 and 10/9/02. 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 advisor. 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 advisor. 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

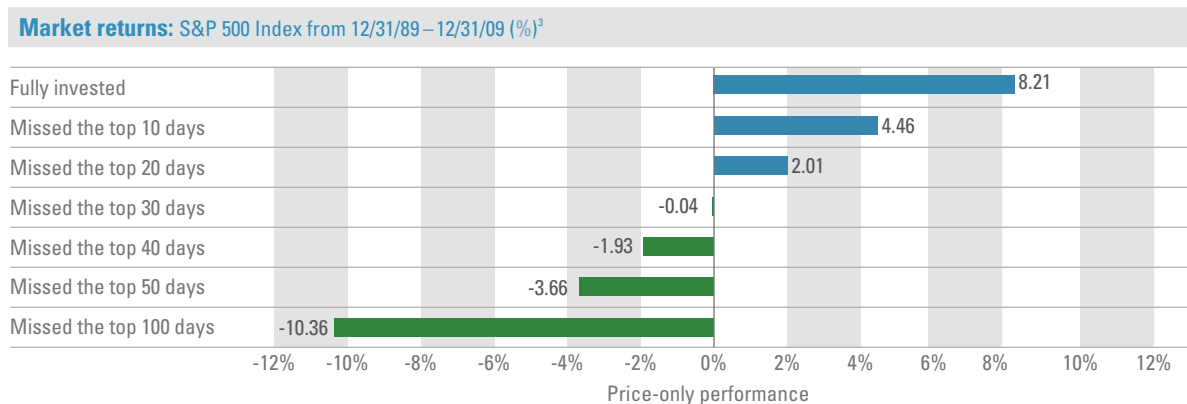
Risk is part of investing. You can limit it, you can defend against it, but you can't eliminate it. The important thing is to have a well-informed understanding of how much risk you can tolerate by working closely with your financial advisor. By having a well-informed understanding of your tolerance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

Be diversified²

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 advisor

A trusted financial advisor 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 advisor also offers much-needed perspective by helping to identify the consequences of impulsive and irrational decisions. Most importantly, your financial advisor, 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.

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

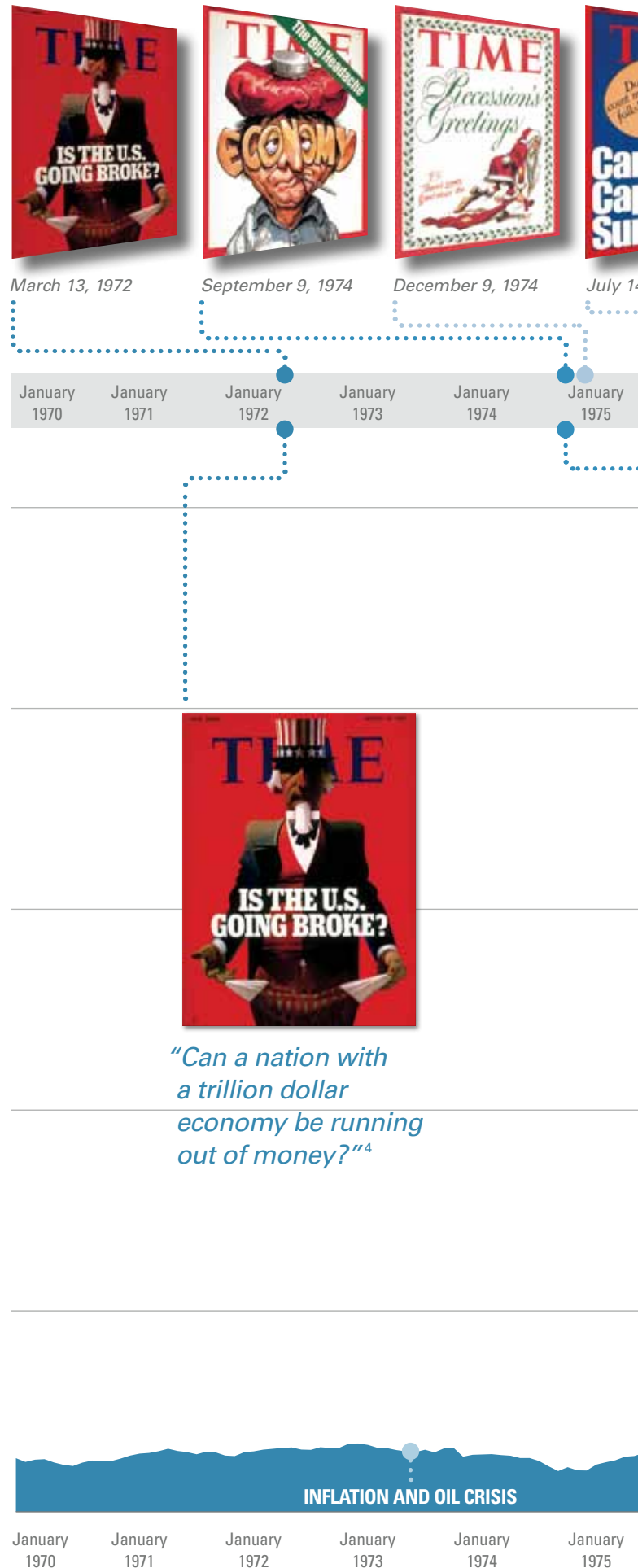
³ Sources: FactSet, as of 12/31/09.

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.

Past performance is no guarantee of future results. This chart is for illustrative purposes only and is not indicative of past or future performance of any specific investment.

The dates may change, but the headlines stay the same

Although today's economic worries may feel like something new, a look back at history shows that they are not unprecedented — and that bear markets don't last forever.



Source: Fact Set.

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. 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.

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.

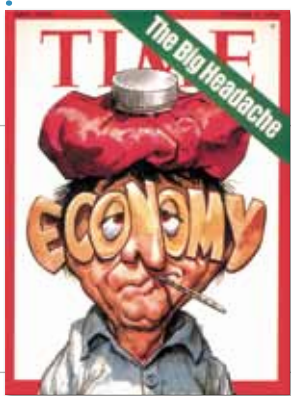
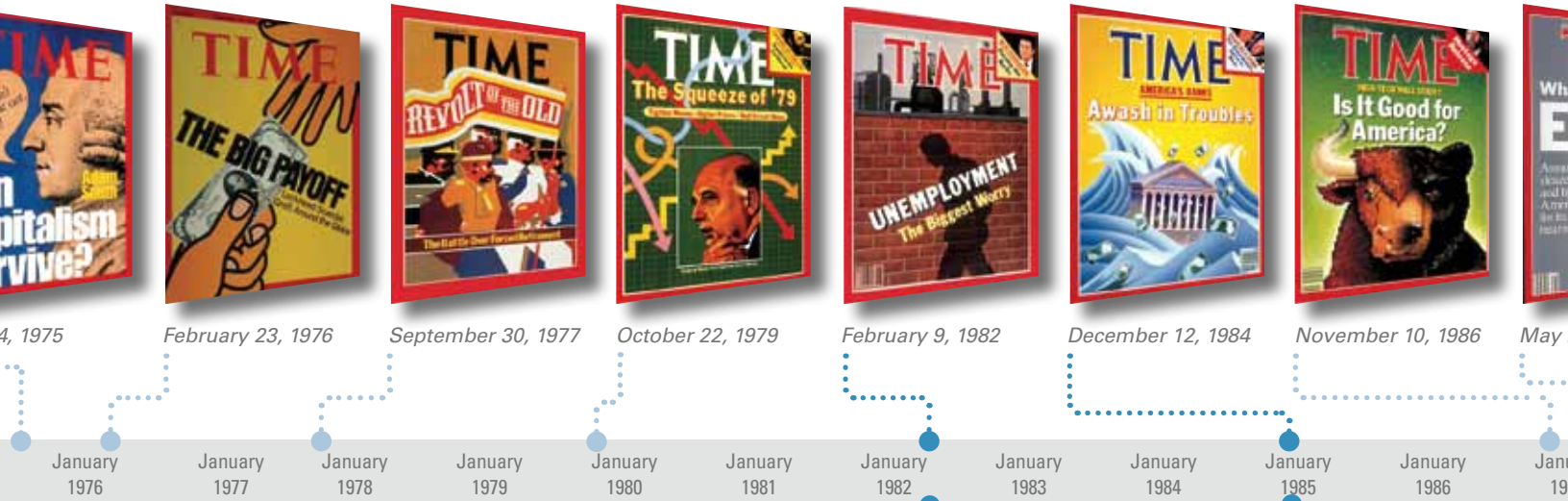
⁸ "Who's in Charge?," *Time* cover image, November 9, 1987.

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.



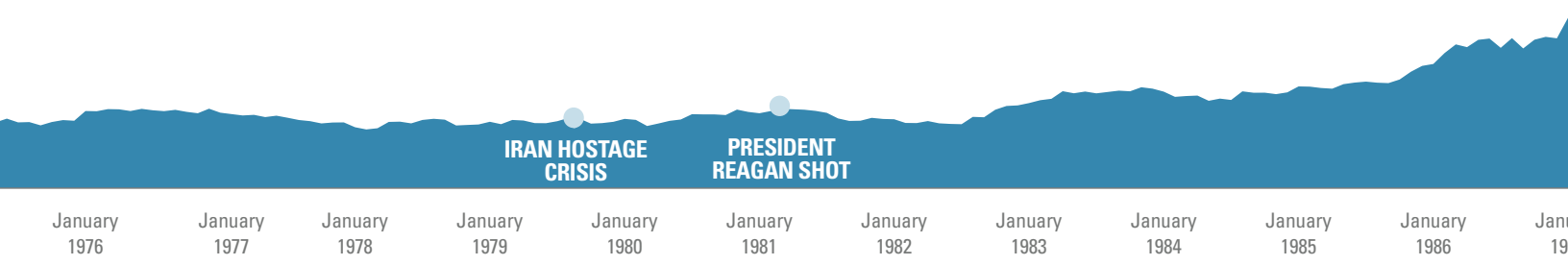
*"The stock market has scarcely been so shaky since 1929. Just about everybody who buys, sells, borrows or invests has that overall feeling of unease."*⁵



*"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."*⁶



*"Bankers now face their most strenuous survival test since the Great Depression."*⁷





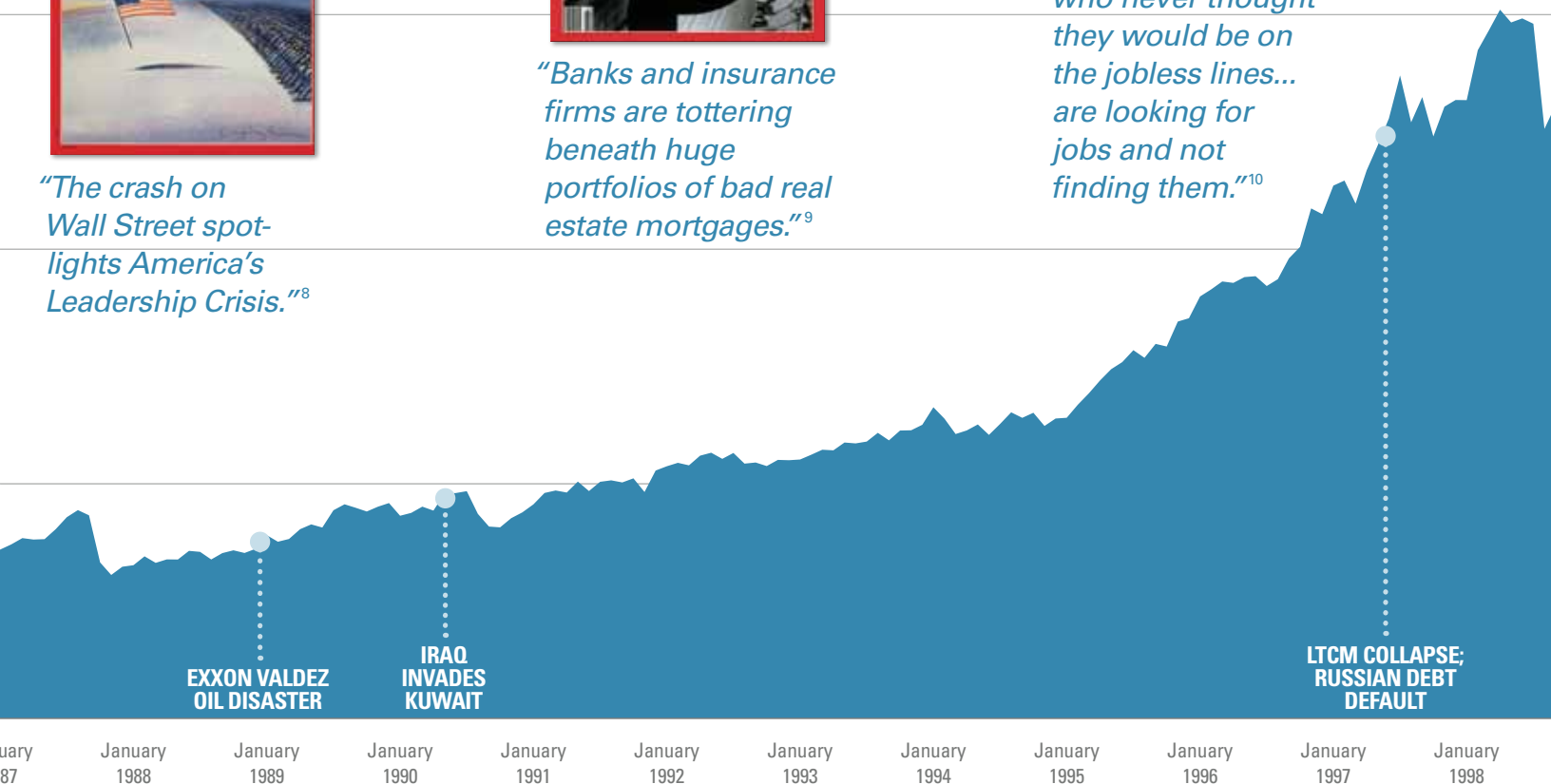
"The crash on Wall Street spotlights America's Leadership Crisis."⁸



"Banks and insurance firms are tottering beneath huge portfolios of bad real estate mortgages."⁹



"All sorts of people who never thought they would be on the jobless lines... are looking for jobs and not finding them."¹⁰



EXXON VALDEZ OIL DISASTER

IRAQ INVADES KUWAIT

LTCM COLLAPSE; RUSSIAN DEBT DEFAULT



September 14, 1998



March 24, 2001



February 4, 2002



July 29, 2002



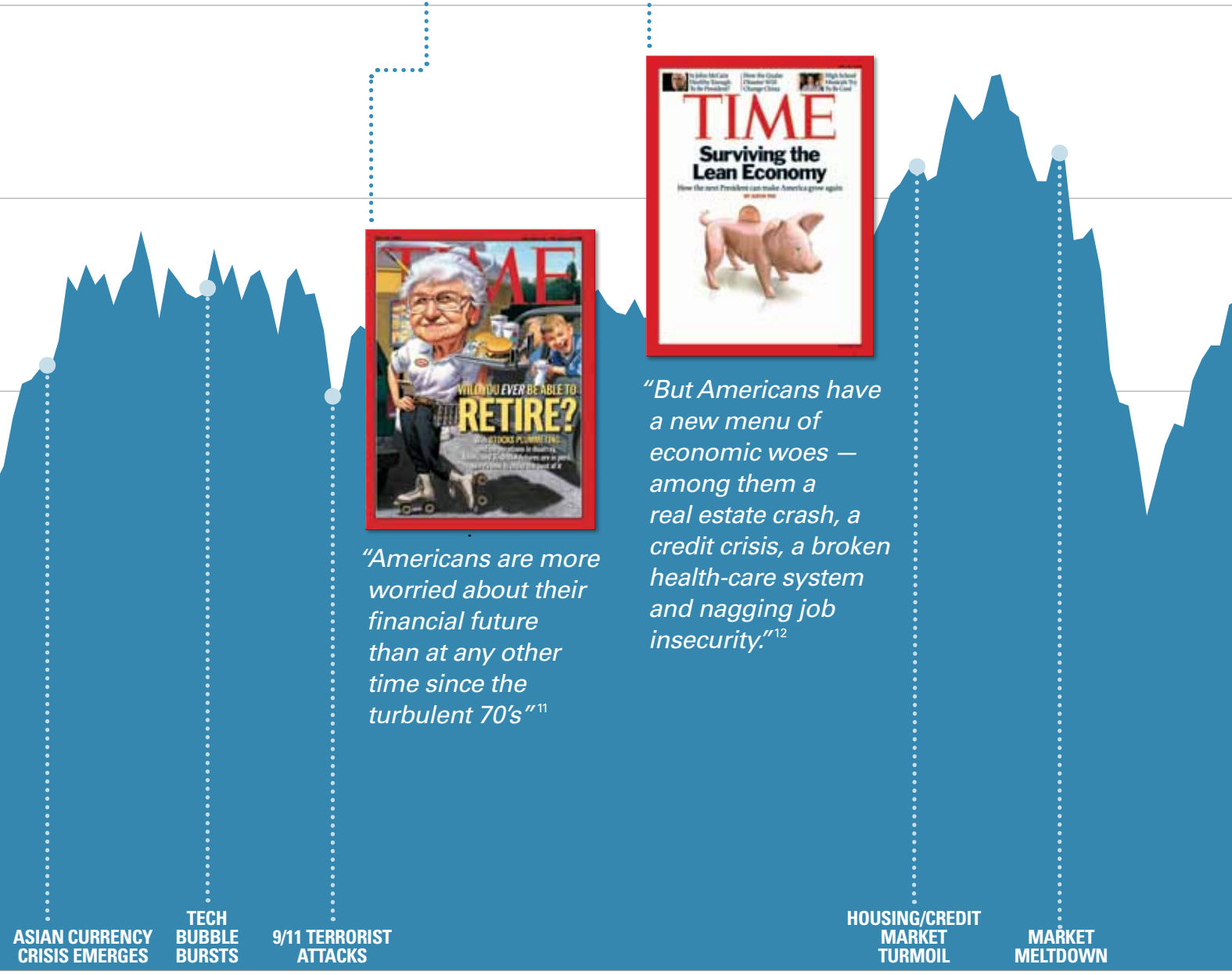
May 26, 2008



October 13, 2008



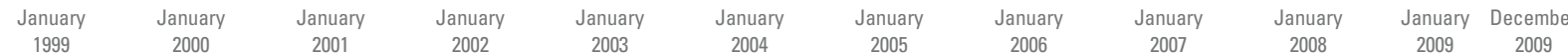
November 9, 2009



"Americans are more worried about their financial future than at any other time since the turbulent 70's"¹¹



"But Americans have a new menu of economic woes — among them a real estate crash, a credit crisis, a broken health-care system and nagging job insecurity."¹²



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