

Annual Report | December 31, 2021

CLEARBRIDGE
VARIABLE APPRECIATION
PORTFOLIO

Portfolio objective

The Portfolio seeks long-term appreciation of capital.

Letter from the president



What's inside

Letter from the president	II
Portfolio overview	1
Portfolio at a glance	6
Portfolio expenses	7
Portfolio performance	9
Schedule of investments	11
Statement of assets and liabilities	16
Statement of operations	17
Statements of changes in net assets	18
Financial highlights	19
Notes to financial statements	21
Report of independent registered public accounting firm	31
Statement regarding liquidity risk management program	32
Additional information	34
Important tax information	41

Dear Shareholder,

We are pleased to provide the annual report of ClearBridge Variable Appreciation Portfolio for the twelve-month reporting period ended December 31, 2021. Please read on for a detailed look at prevailing economic and market conditions during the Portfolio's reporting period and to learn how those conditions have affected Portfolio performance.

As always, we remain committed to providing you with excellent service and a full spectrum of investment choices.

We also remain committed to supplementing the support you receive from your financial advisor. One way we accomplish this is through our website, www.franklintempleton.com. Here you can gain immediate access to market and investment information, including:

- Market insights and commentaries from our portfolio managers and
- A host of educational resources.

We look forward to helping you meet your financial goals.

Sincerely,

A handwritten signature in black ink that reads "Jane Trust".

Jane Trust, CFA
President and Chief Executive Officer

January 31, 2022

Portfolio overview

Q. What is the Portfolio's investment strategy?

A. The Portfolio seeks long-term appreciation of capital. The Portfolio invests primarily in equity securities of U.S. companies. The Portfolio typically invests in medium and large capitalization companies, but may also invest in small capitalization companies. The Portfolio may invest up to 20% of its net assets in equity securities of foreign issuers. Our investment strategy consists of individual company selection and management of cash reserves. We look for investments among a strong core of growth and value stocks, consisting primarily of blue-chip companies dominant in their industries.

The Portfolio may also invest in companies with prospects for sustained earnings growth and/or a cyclical earnings record. By employing the Portfolio's investment strategy, we seek to provide consistent and competitive risk adjusted returns through an investment cycle.

We utilize our fundamental research analysts who, using their industry expertise, determine the material ESG (environmental, social and governance) factors facing both individual companies and industry sectors and engage with company management regarding the extent to which they promote best practices of such factors. ESG factors may include, but are not necessarily limited to, environmentally-friendly product initiatives, labor audits of overseas supply chains and strong corporate governance. The choice of ESG factors for any particular company reflects the specific industry.

Q. What were the overall market conditions during the Portfolio's reporting period?

A. U.S. equities generated positive returns for the twelve-month reporting period ended December 31, 2021, grappling with spikes in volatility amid waves of COVID-19 cases throughout the year. The S&P 500 Indexⁱ advanced 28.71%. The Russell 1000 Growth Indexⁱⁱ rose 27.60%, edging out the Russell 1000 Value Indexⁱⁱⁱ, which rose 25.16%. Benchmark returns this reporting period were driven by gains in cyclical¹ sectors such as energy (+54.63%) and financials (+35.04%), which performed well amid a broad economic reopening, real estate (+46.19%), which made up ground lost in 2020, and information technology ("IT") (+34.55%), which continued to benefit from strong secular trends. Defensive sectors such as utilities (+17.67%) and consumer staples (+18.63%) trailed in a risk-on market.

The distribution of COVID-19 vaccines, passage of large fiscal stimulus packages and highly accommodative monetary policy from the Federal Reserve Board (the "Fed") helped to fuel investor optimism through the first half of the reporting period. As consumers spent their stimulus checks and increased vaccination rates helped roll back many of the COVID-19 prevention measures in place for nearly a year, strong corporate earnings and the prospect of greater economic activity helped push markets to a string of new, all-time highs in the second quarter of 2021. However, headwinds began to emerge in the third quarter of 2021, as the record-setting pace of global growth began to slow.

¹ Cyclical consists of the following sectors: energy, financials, materials and industrials.

Portfolio overview (cont'd)

Markets wavered in September after the Delta variant of COVID-19 put a pause on recovery plays and higher inflation, helped by shortages of goods, manufacturing inputs and labor, coincided with signals from the Fed that it would reduce its bond buying as early as November and potentially raise the federal funds rate in late 2022 or 2023. Equities delivered a flattish third quarter of 2021 as already challenging labor and supply shortages and broad-based inflationary pressures intensified, weighing on industrials and materials companies. Robust third quarter of 2021 corporate earnings, however, suggesting companies have largely been able to absorb inflationary pressures, led to strong gains in October. The discovery of the Omicron variant of COVID-19 in late November 2021 reintroduced risks of pandemic-related restrictions, although indications the variant was milder than previous iterations enabled strong market performance to end the year.

Q. How did we respond to these changing market conditions?

A. For the twelve months ended December 31, 2021, investors placed their bets in sectors more levered to economic expansion and rising interest rates. Due to the concentration of the market's performance in a relatively small group of stocks, diversified strategies struggled to outperform in 2021.

On the margin we increased our financials exposure with the addition of property and casualty insurance companies Hartford Financial Services and Progressive, which would benefit from a rising insurance pricing cycle. We also added to Bank of America, a high-quality bank leveraged to the post-pandemic economic expansion and higher interest rates.

We also saw pockets within the IT sector at reasonable valuations that should benefit from a return to the office, such as new position Cisco Systems, which sells a broad range of networking, security and collaboration products and is growing its cloud solutions, and existing position Oracle, which is the dominant provider of on-premise database software for large enterprises globally, to which we added.

We decreased the Fund's overweight to communication services through the sales of Pinterest, which flourished in 2020 amid stay-at-home conditions in the pandemic but should see user growth challenges going forward, and AT&T, where we were concerned its spending on spectrum would impair its balance sheet and reduce its ability to compete effectively with T-Mobile and Verizon, as well as trims of Facebook after a period of strong performance and Comcast to reflect risks in competitive pressures in broadband and streaming.

Performance review

For the twelve months ended December 31, 2021, Class I shares of ClearBridge Variable Appreciation Portfolio² returned 23.66%. The Portfolio's unmanaged benchmark, the S&P

² The Portfolio is an underlying investment option of various variable annuity and variable life insurance products. The Portfolio's performance returns do not reflect the deduction of expenses imposed in connection with investing in variable annuity or variable life insurance contracts, such as administrative fees, account charges and surrender charges, which, if reflected, would reduce the performance of the Portfolio. **Past performance is no guarantee of future results.**

500 Index, returned 28.71% for the same period. The Lipper Variable Large-Cap Core Funds Category Average^{iv} returned 26.29% over the same time frame.

Performance Snapshot as of December 31, 2021 (unaudited)		
	6 months	12 months
ClearBridge Variable Appreciation Portfolio:		
Class I	9.16%	23.66%
Class II	8.99%	23.34%
S&P 500 Index	11.67%	28.71%
Lipper Variable Large-Cap Core Funds Category Average	10.31%	26.29%

The performance shown represents past performance. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown above. Principal value and investment returns will fluctuate and investors' shares, when redeemed, may be worth more or less than their original cost.

All share class returns assume the reinvestment of all distributions at net asset value and the deduction of all Portfolio expenses. Performance figures for periods shorter than one year represent cumulative figures and are not annualized.

Portfolio performance figures reflect fee waivers and/or expense reimbursements, without which the performance would have been lower.

Total Annual Operating Expenses (unaudited)

As of the Portfolio's current prospectus dated May 1, 2021, the gross total annual fund operating expense ratios for Class I and Class II shares were 0.74% and 0.99%, respectively.

Actual expenses may be higher. For example, expenses may be higher than those shown if average net assets decrease. Net assets are more likely to decrease and Portfolio expense ratios are more likely to increase when markets are volatile.

Q. What were the leading contributors to performance?

A. On an absolute basis, the Portfolio recorded positive performance in all eleven economic sectors for the reporting period. The greatest contributions to performance came from the IT, financials and health care sectors.

In comparison to the benchmark, an underweight to utilities helped relative performance for the reporting period.

In terms of individual holdings, the leading contributors to performance for the reporting period included positions in Microsoft, Alphabet, Apple, Home Depot and JPMorgan Chase.

Q. What were the leading detractors from performance?

A. Relative to the benchmark, overall stock selection and sector allocation detracted. Stock selection in the communication services, financials, consumer staples, materials and IT sectors detracted from performance for the reporting period. An underweight to the real estate sector also weighed on relative results.

Portfolio overview (cont'd)

On an individual basis, the main detractors from Portfolio performance for the reporting period included our positions in Walt Disney, Fidelity National Information Services, T-Mobile, Activision Blizzard and Medtronic.

Q. Were there any significant changes to the Portfolio during the reporting period?

A. There were a number of positions bought and sold over the course of the reporting period. The largest new holdings were Cisco Systems and Teledyne Technologies in the IT sector, Activision Blizzard in the communication services sector and Progressive and Hartford Financial Services in the financials sector.

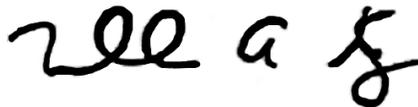
The largest sales were positions in Pinterest in the communication services sector, Cognizant Technology and International Business Machines in the IT sector, 3M in the industrials sector and Amgen in the health care sector.

Thank you for your investment in the ClearBridge Variable Appreciation Portfolio. As always, we appreciate that you have chosen us to manage your assets and we remain focused on achieving the Portfolio's investment goals.

Sincerely,



Scott K. Glasser
Portfolio Manager
ClearBridge Investments, LLC



Michael Kagan
Portfolio Manager
ClearBridge Investments, LLC

January 18, 2022

RISKS: Stock prices are subject to market and price fluctuations. The Portfolio may invest in small- and mid-cap companies that may involve a higher degree of risk and volatility than investments in large-cap companies. 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. Emerging market countries tend to have economic, political and legal systems that are less developed and are less stable than those of more developed countries. Please see the Portfolio's prospectus for a more complete discussion of these and other risks and the Portfolio's investment strategies.

Portfolio holdings and breakdowns are as of December 31, 2021 and are subject to change and may not be representative of the portfolio managers' current or future investments. The Portfolio's top ten holdings (as a percentage of net assets) as of December 31, 2021 were: Microsoft Corp. (8.9%),

Apple Inc. (6.2%), Amazon.com Inc. (3.3%), JPMorgan Chase & Co. (3.3%), Home Depot Inc. (3.1%), Berkshire Hathaway Inc. (2.9%), UnitedHealth Group Inc. (2.6%), Thermo Fisher Scientific Inc. (2.5%), Visa Inc. (2.3%) and Alphabet Inc. (2.2%). Please refer to pages 11 through 15 for a list and percentage breakdown of the Portfolio's holdings.

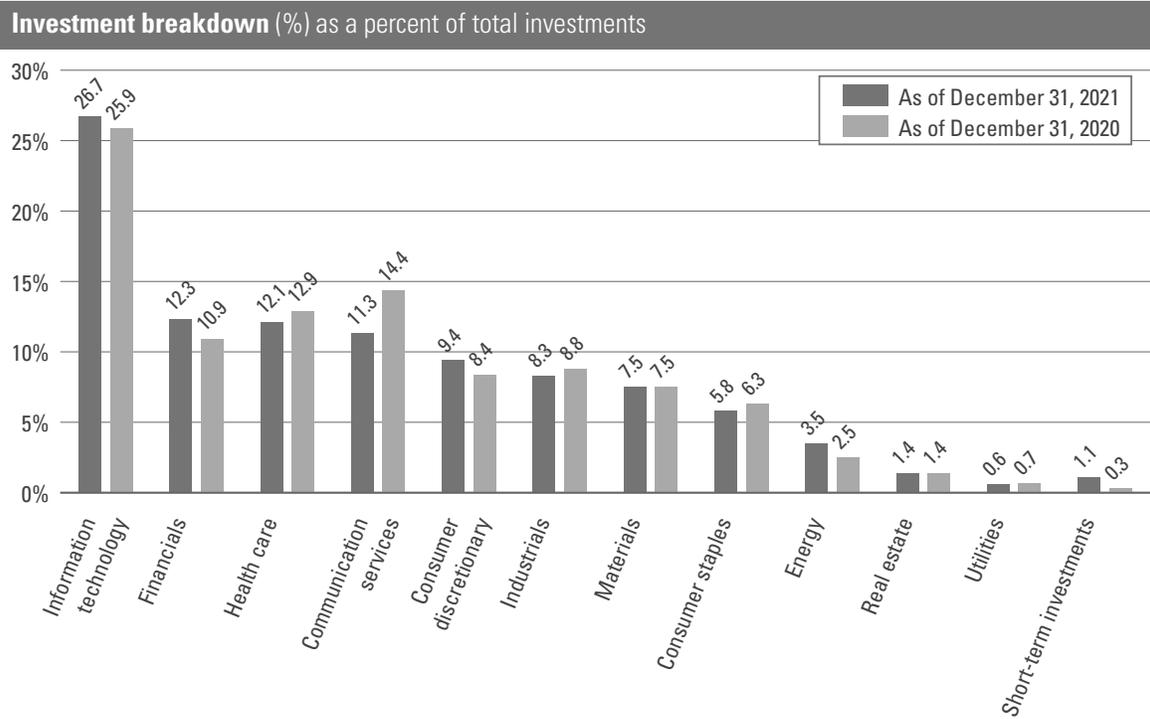
The mention of sector breakdowns is for informational purposes only and should not be construed as a recommendation to purchase or sell any securities. The information provided regarding such sectors is not a sufficient basis upon which to make an investment decision. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies discussed should consult their financial professional. The Portfolio's top five sector holdings (as a percentage of net assets) as of December 31, 2021 were: information technology (26.7%), financials (12.3%), health care (12.1%), communication services (11.3%) and consumer discretionary (9.4%). The Portfolio's composition is subject to change at any time.

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results. All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

The information provided is not intended to be a forecast of future events, a guarantee of future results or investment advice. Views expressed may differ from those of the firm as a whole.

- i The S&P 500 Index is an unmanaged index of the stocks of 500 leading companies, and is generally representative of the performance of larger companies in the U.S.
- ii The Russell 1000 Growth Index measures the performance of those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values. (A price-to-book ratio is the price of a stock compared to the difference between a company's assets and liabilities.) The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 90% of the U.S. market. The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the U.S. equity market.
- iii The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower expected growth values.
- iv Lipper, Inc., a wholly-owned subsidiary of Refinitiv, provides independent insight on global collective investments. Returns are based on the period ended December 31, 2021, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 151 funds for the six-month period and among the 151 funds for the twelve-month period in the Portfolio's Lipper category.

Portfolio at a glance† (unaudited)



† The bar graph above represents the composition of the Portfolio's investments as of December 31, 2021 and December 31, 2020. The Portfolio is actively managed. As a result, the composition of the Portfolio's investments is subject to change at any time.

Portfolio expenses (unaudited)

Example

As a shareholder of the Portfolio, you may incur two types of costs: (1) transaction costs and (2) ongoing costs, including management fees; service and/or distribution (12b-1) fees; and other Portfolio expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Portfolio and to compare these costs with the ongoing costs of investing in other funds.

This example is based on an investment of \$1,000 invested on July 1, 2021 and held for the six months ended December 31, 2021.

Actual expenses

The table below titled “Based on Actual Total Return” provides information about actual account values and actual expenses. You may use the information provided in this table, together with the amount you invested, to estimate the expenses that you paid over the period. To estimate the expenses you paid on your account, divide your ending account value by \$1,000 (for example, an \$8,600 ending account value divided by \$1,000 = 8.6), then multiply the result by the number under the heading entitled “Expenses Paid During the Period”.

Based on actual total return ¹					
	Actual Total Return ²	Beginning Account Value	Ending Account Value	Annualized Expense Ratio	Expenses Paid During the Period ³
Class I	9.16%	\$1,000.00	\$1,091.60	0.71%	\$3.74
Class II	8.99	1,000.00	1,089.90	0.97	5.11

Hypothetical example for comparison purposes

The table below titled “Based on Hypothetical Total Return” provides information about hypothetical account values and hypothetical expenses based on the actual expense ratio and an assumed rate of return of 5.00% per year before expenses, which is not the Portfolio’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use the information provided in this table to compare the ongoing costs of investing in the Portfolio and other funds. To do so, compare the 5.00% hypothetical example relating to the Portfolio with the 5.00% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table below are meant to highlight your ongoing costs only and do not reflect any transactional costs. Therefore, the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transaction costs were included, your costs would have been higher.

Based on hypothetical total return ¹					
	Hypothetical Annualized Total Return	Beginning Account Value	Ending Account Value	Annualized Expense Ratio	Expenses Paid During the Period ³
Class I	5.00%	\$1,000.00	\$1,021.63	0.71%	\$3.62
Class II	5.00	1,000.00	1,020.32	0.97	4.94

Portfolio expenses (unaudited) (cont'd)

- ¹ For the six months ended December 31, 2021.
- ² Assumes the reinvestment of all distributions, including returns of capital, if any, at net asset value. Total return is not annualized, as it may not be representative of the total return for the year. Total returns do not reflect expenses associated with separate accounts such as administrative fees, account charges and surrender charges, which, if reflected, would reduce the total returns. Performance figures may reflect compensating balance arrangements, fee waivers and/or expense reimbursements. In the absence of compensating balance arrangements, fee waivers and/or expense reimbursements, the total return would have been lower. Past performance is no guarantee of future results.
- ³ Expenses (net of compensating balance arrangements, fee waivers and/or expense reimbursements) are equal to each class' respective annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year (184), then divided by 365.

Portfolio performance (unaudited)

Average annual total returns¹

	Class I	Class II
Twelve Months Ended 12/31/21	23.66%	23.34%
Five Years Ended 12/31/21	16.71	16.41
Ten Years Ended 12/31/21	14.98	N/A
Inception* through 12/31/21	—	13.11

Cumulative total returns¹

Class I (12/31/11 through 12/31/21)	303.96%
Class II (Inception date of 2/27/15 through 12/31/21)	132.24

All figures represent past performance and are not a guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The returns shown do not reflect expenses associated with separate accounts such as administrative fees, account charges and surrender charges, which, if reflected, would reduce the total returns. Performance figures may reflect compensating balance arrangements, fee waivers and/or expense reimbursements. In the absence of compensating balance arrangements, fee waivers and/or expense reimbursements, the total return would have been lower.

¹ Assumes the reinvestment of all distributions, including returns of capital, if any, at net asset value.

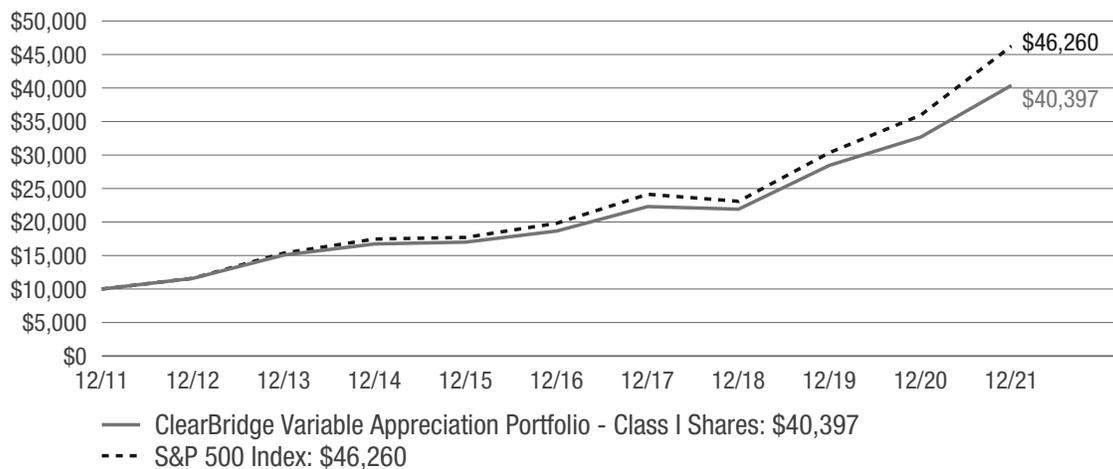
* Inception dates for Class I and Class II shares are October 16, 1991 and February 27, 2015, respectively.

Portfolio performance (unaudited) (cont'd)

Historical performance

Value of \$10,000 invested in

Class I Shares of ClearBridge Variable Appreciation Portfolio vs. S&P 500 Index† — December 2011 - December 2021



All figures represent past performance and are not a guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The returns shown do not reflect expenses associated with separate accounts such as administrative fees, account charges and surrender charges, which, if reflected, would reduce the total returns. Performance figures may reflect compensating balance arrangements, fee waivers and/or expense reimbursements. In the absence of compensating balance arrangements, fee waivers and/or expense reimbursements, the total return would have been lower.

† Hypothetical illustration of \$10,000 invested in Class I shares of ClearBridge Variable Appreciation Portfolio on December 31, 2011, assuming the reinvestment of all distributions, including returns of capital, if any, at net asset value through December 31, 2021. The hypothetical illustration also assumes a \$10,000 investment in the S&P 500 Index. The S&P 500 Index (the "Index") is an unmanaged index of the stocks of 500 leading companies and is generally representative of the performance of larger companies in the U.S. The Index is unmanaged and is not subject to the same management and trading expenses as a fund. Please note that an investor cannot invest directly in an index. The performance of the Portfolio's other class may be greater or less than the Class I shares' performance indicated on this chart, depending on whether greater or lesser fees were incurred by shareholders investing in the other class.

Schedule of investments

December 31, 2021

ClearBridge Variable Appreciation Portfolio

(Percentages shown based on Portfolio net assets)

Security	Shares	Value
Common Stocks — 98.9%		
Communication Services — 11.3%		
<i>Diversified Telecommunication Services — 0.8%</i>		
Verizon Communications Inc.	168,868	\$ 8,774,381
<i>Entertainment — 1.8%</i>		
Activision Blizzard Inc.	114,600	7,624,338
Walt Disney Co.	76,723	11,883,625 *
<i>Total Entertainment</i>		<i>19,507,963</i>
<i>Interactive Media & Services — 6.3%</i>		
Alphabet Inc., Class A Shares	7,788	22,562,148 *
Alphabet Inc., Class C Shares	8,194	23,710,076 *
Meta Platforms Inc., Class A Shares	65,090	21,893,021 *
<i>Total Interactive Media & Services</i>		<i>68,165,245</i>
<i>Media — 1.8%</i>		
Comcast Corp., Class A Shares	378,953	19,072,705
<i>Wireless Telecommunication Services — 0.6%</i>		
T-Mobile US Inc.	61,473	7,129,639 *
Total Communication Services		122,649,933
Consumer Discretionary — 9.4%		
<i>Automobiles — 0.6%</i>		
General Motors Co.	107,550	6,305,656 *
<i>Household Durables — 0.7%</i>		
Toll Brothers Inc.	112,890	8,172,107
<i>Internet & Direct Marketing Retail — 3.3%</i>		
Amazon.com Inc.	10,656	35,530,727 *
<i>Specialty Retail — 4.8%</i>		
Home Depot Inc.	82,177	34,104,277
TJX Cos. Inc.	233,451	17,723,600
<i>Total Specialty Retail</i>		<i>51,827,877</i>
Total Consumer Discretionary		101,836,367
Consumer Staples — 5.8%		
<i>Beverages — 2.0%</i>		
Coca-Cola Co.	165,530	9,801,031
PepsiCo Inc.	66,724	11,590,626
<i>Total Beverages</i>		<i>21,391,657</i>
<i>Food & Staples Retailing — 1.8%</i>		
Walmart Inc.	133,552	19,323,639
<i>Food Products — 0.8%</i>		
Mondelez International Inc., Class A Shares	135,887	9,010,667

See Notes to Financial Statements.

Schedule of investments (cont'd)

December 31, 2021

ClearBridge Variable Appreciation Portfolio

(Percentages shown based on Portfolio net assets)

Security	Shares	Value
<i>Household Products — 1.2%</i>		
Procter & Gamble Co.	83,722	\$ 13,695,245
Total Consumer Staples		63,421,208
Energy — 3.5%		
<i>Oil, Gas & Consumable Fuels — 3.5%</i>		
Chevron Corp.	117,641	13,805,171
Exxon Mobil Corp.	147,041	8,997,439
Kinder Morgan Inc.	266,829	4,231,908
Pioneer Natural Resources Co.	59,771	10,871,150
Total Energy		37,905,668
Financials — 12.3%		
<i>Banks — 5.5%</i>		
Bank of America Corp.	404,184	17,982,146
JPMorgan Chase & Co.	223,877	35,450,923
US Bancorp	110,016	6,179,599
<i>Total Banks</i>		<i>59,612,668</i>
<i>Capital Markets — 1.2%</i>		
CME Group Inc.	32,822	7,498,514
Intercontinental Exchange Inc.	43,895	6,003,519
<i>Total Capital Markets</i>		<i>13,502,033</i>
<i>Diversified Financial Services — 2.9%</i>		
Berkshire Hathaway Inc., Class A Shares	71	31,997,002 *
<i>Insurance — 2.7%</i>		
Hartford Financial Services Group Inc.	52,850	3,648,764
Progressive Corp.	44,900	4,608,985
Travelers Cos. Inc.	131,218	20,526,432
<i>Total Insurance</i>		<i>28,784,181</i>
Total Financials		133,895,884
Health Care — 12.1%		
<i>Health Care Equipment & Supplies — 1.1%</i>		
Becton Dickinson and Co.	14,546	3,658,028
Medtronic PLC	78,744	8,146,067
<i>Total Health Care Equipment & Supplies</i>		<i>11,804,095</i>
<i>Health Care Providers & Services — 2.6%</i>		
UnitedHealth Group Inc.	56,377	28,309,147
<i>Life Sciences Tools & Services — 2.5%</i>		
Thermo Fisher Scientific Inc.	40,737	27,181,356
<i>Pharmaceuticals — 5.9%</i>		
Eli Lilly & Co.	37,088	10,244,447
Johnson & Johnson	127,525	21,815,702

See Notes to Financial Statements.

ClearBridge Variable Appreciation Portfolio

(Percentages shown based on Portfolio net assets)

Security	Shares	Value
<i>Pharmaceuticals — continued</i>		
Merck & Co. Inc.	209,482	\$ 16,054,700
Pfizer Inc.	264,015	15,590,086
<i>Total Pharmaceuticals</i>		<i>63,704,935</i>
Total Health Care		130,999,533
Industrials — 8.3%		
<i>Aerospace & Defense — 2.0%</i>		
Northrop Grumman Corp.	10,901	4,219,450
Raytheon Technologies Corp.	203,239	17,490,749
<i>Total Aerospace & Defense</i>		<i>21,710,199</i>
<i>Air Freight & Logistics — 1.5%</i>		
United Parcel Service Inc., Class B Shares	76,735	16,447,380
<i>Commercial Services & Supplies — 1.4%</i>		
Waste Management Inc.	92,964	15,515,692
<i>Electrical Equipment — 0.3%</i>		
Eaton Corp. PLC	15,900	2,747,838
<i>Industrial Conglomerates — 2.0%</i>		
Honeywell International Inc.	102,330	21,336,828
<i>Machinery — 0.3%</i>		
Otis Worldwide Corp.	38,589	3,359,944
<i>Road & Rail — 0.8%</i>		
Canadian Pacific Railway Ltd.	73,520	5,289,029
Union Pacific Corp.	13,849	3,488,978
<i>Total Road & Rail</i>		<i>8,778,007</i>
Total Industrials		89,895,888
Information Technology — 26.7%		
<i>Communications Equipment — 1.6%</i>		
Arista Networks Inc.	55,688	8,005,150 *
Cisco Systems Inc.	148,915	9,436,744
<i>Total Communications Equipment</i>		<i>17,441,894</i>
<i>Electronic Equipment, Instruments & Components — 0.3%</i>		
Teledyne Technologies Inc.	8,209	3,586,430 *
<i>IT Services — 4.7%</i>		
Automatic Data Processing Inc.	75,420	18,597,064
Fidelity National Information Services Inc.	72,630	7,927,564
Visa Inc., Class A Shares	114,466	24,805,927
<i>Total IT Services</i>		<i>51,330,555</i>
<i>Semiconductors & Semiconductor Equipment — 2.0%</i>		
ASML Holding NV, Registered Shares	15,099	12,020,918

See Notes to Financial Statements.

Schedule of investments (cont'd)

December 31, 2021

ClearBridge Variable Appreciation Portfolio

(Percentages shown based on Portfolio net assets)

Security	Shares	Value
<i>Semiconductors & Semiconductor Equipment — continued</i>		
Enphase Energy Inc.	17,045	\$ 3,118,212 *
Texas Instruments Inc.	32,185	6,065,907
<i>Total Semiconductors & Semiconductor Equipment</i>		<i>21,205,037</i>
<i>Software — 11.9%</i>		
Adobe Inc.	28,531	16,178,789 *
Microsoft Corp.	286,519	96,362,070
Oracle Corp.	106,176	9,259,609
salesforce.com Inc.	29,169	7,412,718 *
<i>Total Software</i>		<i>129,213,186</i>
<i>Technology Hardware, Storage & Peripherals — 6.2%</i>		
Apple Inc.	377,732	67,073,871
Total Information Technology		289,850,973
Materials — 7.5%		
<i>Chemicals — 5.2%</i>		
Air Products & Chemicals Inc.	52,894	16,093,528
Ecolab Inc.	46,242	10,847,911
PPG Industries Inc.	109,777	18,929,946
Sherwin-Williams Co.	29,656	10,443,657
<i>Total Chemicals</i>		<i>56,315,042</i>
<i>Construction Materials — 0.6%</i>		
Vulcan Materials Co.	32,796	6,807,794
<i>Containers & Packaging — 0.9%</i>		
Ball Corp.	96,978	9,336,072
<i>Metals & Mining — 0.8%</i>		
ArcelorMittal SA, Registered Shares	282,232	8,983,444
Total Materials		81,442,352
Real Estate — 1.4%		
<i>Equity Real Estate Investment Trusts (REITs) — 1.4%</i>		
American Tower Corp.	52,129	15,247,733
Utilities — 0.6%		
<i>Electric Utilities — 0.3%</i>		
NextEra Energy Inc.	35,469	3,311,386
<i>Multi-Utilities — 0.3%</i>		
Sempra Energy	25,798	3,412,559
Total Utilities		6,723,945
Total Investments before Short-Term Investments (Cost — \$362,434,774)		1,073,869,484

See Notes to Financial Statements.

ClearBridge Variable Appreciation Portfolio

(Percentages shown based on Portfolio net assets)

Security	Rate	Shares	Value
Short-Term Investments — 1.1%			
JPMorgan 100% U.S. Treasury Securities Money Market Fund, Institutional Class	0.006%	9,354,993	\$ 9,354,993
Western Asset Premier Institutional U.S. Treasury Reserves, Premium Shares	0.010%	2,338,748	2,338,748 ^(a)
Total Short-Term Investments (Cost — \$11,693,741)			11,693,741
Total Investments — 100.0% (Cost — \$374,128,515)			1,085,563,225
Other Assets in Excess of Liabilities — 0.0% ^{††}			96,990
Total Net Assets — 100.0%			\$1,085,660,215

^{††} Represents less than 0.1%.

* Non-income producing security.

^(a) In this instance, as defined in the Investment Company Act of 1940, an “Affiliated Company” represents Portfolio ownership of at least 5% of the outstanding voting securities of an issuer, or a company which is under common ownership or control with the Portfolio. At December 31, 2021, the total market value of investments in Affiliated Companies was \$2,338,748 and the cost was \$2,338,748 (Note 8).

See Notes to Financial Statements.

Statement of assets and liabilities

December 31, 2021

Assets:

Investments in unaffiliated securities, at value (Cost — \$371,789,767)	\$1,083,224,477
Investments in affiliated securities, at value (Cost — \$2,338,748)	2,338,748
Dividends receivable from unaffiliated investments	968,061
Receivable for Portfolio shares sold	196,360
Dividends receivable from affiliated investments	29
Prepaid expenses	2,848
Total Assets	1,086,730,523

Liabilities:

Investment management fee payable	617,541
Payable for Portfolio shares repurchased	284,333
Service and/or distribution fees payable	53,255
Trustees' fees payable	7,373
Accrued expenses	107,806
Total Liabilities	1,070,308

Total Net Assets **\$1,085,660,215**

Net Assets:

Par value (Note 7)	\$ 178
Paid-in capital in excess of par value	365,939,358
Total distributable earnings (loss)	719,720,679
Total Net Assets	\$1,085,660,215

Net Assets:

Class I	\$829,204,027
Class II	\$256,456,188

Shares Outstanding:

Class I	13,571,757
Class II	4,223,415

Net Asset Value:

Class I	\$61.10
Class II	\$60.72

See Notes to Financial Statements.

Statement of operations

For the Year Ended December 31, 2021

Investment Income:

Dividends from unaffiliated investments	\$ 14,276,462
Dividends from affiliated investments	231
Less: Foreign taxes withheld	(63,216)
Total Investment Income	14,213,477

Expenses:

Investment management fee (Note 2)	6,768,208
Service and/or distribution fees (Notes 2 and 5)	562,830
Fund accounting fees	76,327
Legal fees	71,070
Shareholder reports	49,524
Trustees' fees	44,453
Transfer agent fees (Note 5)	41,372
Audit and tax fees	29,944
Insurance	8,901
Custody fees	4,740
Miscellaneous expenses	6,133
Total Expenses	7,663,502
Less: Fee waivers and/or expense reimbursements (Notes 2 and 5)	(210)
Net Expenses	7,663,292
Net Investment Income	6,550,185

Realized and Unrealized Gain (Loss) on Investments and Foreign Currency Transactions (Notes 1 and 3):

Net Realized Gain (Loss) From:	
Investment transactions in unaffiliated securities	40,166,989
Foreign currency transactions	(258)
Net Realized Gain	40,166,731
Change in Net Unrealized Appreciation (Depreciation) From:	
Investments in unaffiliated securities	158,863,810
Foreign currencies	111
Change in Net Unrealized Appreciation (Depreciation)	158,863,921
Net Gain on Investments and Foreign Currency Transactions	199,030,652
Increase in Net Assets From Operations	\$205,580,837

See Notes to Financial Statements.

Statements of changes in net assets

For the Years Ended December 31,	2021	2020
Operations:		
Net investment income	\$ 6,550,185	\$ 7,480,239
Net realized gain	40,166,731	23,983,373
Change in net unrealized appreciation (depreciation)	158,863,921	78,971,561
<i>Increase in Net Assets From Operations</i>	<i>205,580,837</i>	<i>110,435,173</i>
Distributions to Shareholders From (Notes 1 and 6):		
Total distributable earnings	(44,142,385)	(32,716,500)
<i>Decrease in Net Assets From Distributions to Shareholders</i>	<i>(44,142,385)</i>	<i>(32,716,500)</i>
Portfolio Share Transactions (Note 7):		
Net proceeds from sale of shares	144,081,822	38,765,998
Reinvestment of distributions	44,142,385	32,716,500
Cost of shares repurchased	(127,760,289)	(99,138,638)
<i>Increase (Decrease) in Net Assets From Portfolio Share Transactions</i>	<i>60,463,918</i>	<i>(27,656,140)</i>
<i>Increase in Net Assets</i>	<i>221,902,370</i>	<i>50,062,533</i>
Net Assets:		
Beginning of year	863,757,845	813,695,312
End of year	\$1,085,660,215	\$863,757,845

See Notes to Financial Statements.

Financial highlights

For a share of each class of beneficial interest outstanding throughout each year ended December 31:

Class I Shares ¹	2021	2020	2019	2018	2017
Net asset value, beginning of year	\$51.55	\$46.78	\$38.88	\$41.97	\$36.71
Income (loss) from operations:					
Net investment income	0.42	0.47	0.55	0.57	0.49
Net realized and unrealized gain (loss)	11.72	6.31	10.89	(1.23)	6.67
Total income (loss) from operations	12.14	6.78	11.44	(0.66)	7.16
Less distributions from:					
Net investment income	(0.37)	(0.50)	(0.63)	(0.56)	(0.49)
Net realized gains	(2.22)	(1.51)	(2.91)	(1.87)	(1.41)
Total distributions	(2.59)	(2.01)	(3.54)	(2.43)	(1.90)
Net asset value, end of year	\$61.10	\$51.55	\$46.78	\$38.88	\$41.97
Total return²	23.66%	14.78%	29.86%	(1.74)%	19.54%
Net assets, end of year (millions)	\$829	\$673	\$675	\$848	\$954
Ratios to average net assets:					
Gross expenses	0.72%	0.74%	0.73%	0.72%	0.73%
Net expenses ³	0.72 ⁴	0.74 ⁴	0.73 ⁴	0.72	0.73
Net investment income	0.72	1.02	1.24	1.32	1.22
Portfolio turnover rate	12%	13%	6%⁵	12%	8%

¹ Per share amounts have been calculated using the average shares method.

² Performance figures may reflect compensating balance arrangements, fee waivers and/or expense reimbursements. In the absence of compensating balance arrangements, fee waivers and/or expense reimbursements, the total return would have been lower. Total returns do not reflect expenses associated with separate accounts such as administrative fees, account charges and surrender charges which, if reflected, would reduce the total return for all periods shown. Past performance is no guarantee of future results.

³ As a result of an expense limitation arrangement, the ratio of total annual fund operating expenses, other than interest, brokerage, taxes, extraordinary expenses and acquired fund fees and expenses, to average net assets of Class I shares did not exceed 0.80%. This expense limitation arrangement cannot be terminated prior to December 31, 2023 without the Board of Trustees' consent. In addition, the manager has agreed to waive the Portfolio's management fee to an extent sufficient to offset the net management fee payable in connection with any investment in an affiliated money market fund.

⁴ Reflects fee waivers and/or expense reimbursements.

⁵ Excludes securities delivered as a result of a redemption in-kind.

See Notes to Financial Statements.

Financial highlights (cont'd)

For a share of each class of beneficial interest outstanding throughout each year ended December 31:

Class II Shares ¹	2021	2020	2019	2018	2017
Net asset value, beginning of year	\$51.26	\$46.55	\$38.73	\$41.85	\$36.63
Income (loss) from operations:					
Net investment income	0.27	0.35	0.44	0.47	0.39
Net realized and unrealized gain (loss)	11.64	6.27	10.83	(1.23)	6.65
Total income (loss) from operations	11.91	6.62	11.27	(0.76)	7.04
Less distributions from:					
Net investment income	(0.23)	(0.40)	(0.54)	(0.49)	(0.41)
Net realized gains	(2.22)	(1.51)	(2.91)	(1.87)	(1.41)
Total distributions	(2.45)	(1.91)	(3.45)	(2.36)	(1.82)
Net asset value, end of year	\$60.72	\$51.26	\$46.55	\$38.73	\$41.85
Total return²	23.34%	14.48%	29.54%	(1.99)%	19.26%
Net assets, end of year (000s)	\$256,456	\$190,502	\$138,588	\$63,443	\$30,004
Ratios to average net assets:					
Gross expenses	0.97%	0.99%	0.99%	0.97%	0.98%
Net expenses ³	0.97 ⁴	0.99 ⁴	0.99 ⁴	0.97	0.98
Net investment income	0.47	0.76	1.00	1.11	0.97
Portfolio turnover rate	12%	13%	6%⁵	12%	8%

¹ Per share amounts have been calculated using the average shares method.

² Performance figures may reflect compensating balance arrangements, fee waivers and/or expense reimbursements. In the absence of compensating balance arrangements, fee waivers and/or expense reimbursements, the total return would have been lower. Total returns do not reflect expenses associated with separate accounts such as administrative fees, account charges and surrender charges which, if reflected, would reduce the total return for all periods shown. Past performance is no guarantee of future results.

³ As a result of an expense limitation arrangement, the ratio of total annual fund operating expenses, other than interest, brokerage, taxes, extraordinary expenses and acquired fund fees and expenses, to average net assets of Class II shares did not exceed 1.05%. This expense limitation arrangement cannot be terminated prior to December 31, 2023 without the Board of Trustees' consent. In addition, the manager has agreed to waive the Portfolio's management fee to an extent sufficient to offset the net management fee payable in connection with any investment in an affiliated money market fund.

⁴ Reflects fee waivers and/or expense reimbursements.

⁵ Excludes securities delivered as a result of a redemption in-kind.

See Notes to Financial Statements.

Notes to financial statements

1. Organization and significant accounting policies

ClearBridge Variable Appreciation Portfolio (the “Portfolio”) is a separate diversified investment series of Legg Mason Partners Variable Equity Trust (the “Trust”). The Trust, a Maryland statutory trust, is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company.

Shares of the Portfolio may only be purchased or redeemed through variable annuity contracts and variable life insurance policies offered by the separate accounts of participating insurance companies or through eligible pension or other qualified plans.

The following are significant accounting policies consistently followed by the Portfolio and are in conformity with U.S. generally accepted accounting principles (“GAAP”). Estimates and assumptions are required to be made regarding assets, liabilities and changes in net assets resulting from operations when financial statements are prepared. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ. Subsequent events have been evaluated through the date the financial statements were issued.

(a) Investment valuation. Equity securities for which market quotations are available are valued at the last reported sales price or official closing price on the primary market or exchange on which they trade. The valuations for fixed income securities (which may include, but are not limited to, corporate, government, municipal, mortgage-backed, collateralized mortgage obligations and asset-backed securities) and certain derivative instruments are typically the prices supplied by independent third party pricing services, which may use market prices or broker/dealer quotations or a variety of valuation techniques and methodologies. The independent third party pricing services typically use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates and quoted prices for similar securities. Investments in open-end funds are valued at the closing net asset value per share of each fund on the day of valuation. When the Portfolio holds securities or other assets that are denominated in a foreign currency, the Portfolio will normally use the currency exchange rates as of 4:00 p.m. (Eastern Time). If independent third party pricing services are unable to supply prices for a portfolio investment, or if the prices supplied are deemed by the manager to be unreliable, the market price may be determined by the manager using quotations from one or more broker/dealers or at the transaction price if the security has recently been purchased and no value has yet been obtained from a pricing service or pricing broker. When reliable prices are not readily available, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded, but before the Portfolio calculates its net asset value, the Portfolio values these securities as determined in accordance with procedures approved by the Portfolio’s Board of Trustees.

The Board of Trustees is responsible for the valuation process and has delegated the supervision of the daily valuation process to the Global Fund Valuation Committee (known

Notes to financial statements (cont'd)

as Legg Mason North Atlantic Fund Valuation Committee prior to March 1, 2021) (the "Valuation Committee"). The Valuation Committee, pursuant to the policies adopted by the Board of Trustees, is responsible for making fair value determinations, evaluating the effectiveness of the Portfolio's pricing policies, and reporting to the Board of Trustees. When determining the reliability of third party pricing information for investments owned by the Portfolio, the Valuation Committee, among other things, conducts due diligence reviews of pricing vendors, monitors the daily change in prices and reviews transactions among market participants.

The Valuation Committee will consider pricing methodologies it deems relevant and appropriate when making fair value determinations. Examples of possible methodologies include, but are not limited to, multiple of earnings; discount from market of a similar freely traded security; discounted cash-flow analysis; book value or a multiple thereof; risk premium/yield analysis; yield to maturity; and/or fundamental investment analysis. The Valuation Committee will also consider factors it deems relevant and appropriate in light of the facts and circumstances. Examples of possible factors include, but are not limited to, the type of security; the issuer's financial statements; the purchase price of the security; the discount from market value of unrestricted securities of the same class at the time of purchase; analysts' research and observations from financial institutions; information regarding any transactions or offers with respect to the security; the existence of merger proposals or tender offers affecting the security; the price and extent of public trading in similar securities of the issuer or comparable companies; and the existence of a shelf registration for restricted securities.

For each portfolio security that has been fair valued pursuant to the policies adopted by the Board of Trustees, the fair value price is compared against the last available and next available market quotations. The Valuation Committee reviews the results of such back testing monthly and fair valuation occurrences are reported to the Board of Trustees quarterly.

The Portfolio uses valuation techniques to measure fair value that are consistent with the market approach and/or income approach, depending on the type of security and the particular circumstance. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable securities. The income approach uses valuation techniques to discount estimated future cash flows to present value.

GAAP establishes a disclosure hierarchy that categorizes the inputs to valuation techniques used to value assets and liabilities at measurement date. These inputs are summarized in the three broad levels listed below:

- Level 1 — quoted prices in active markets for identical investments
- Level 2 — other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 — significant unobservable inputs (including the Portfolio’s own assumptions in determining the fair value of investments)

The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used in valuing the Portfolio’s assets carried at fair value:

ASSETS				
Description	Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Common Stocks†	\$1,073,869,484	—	—	\$1,073,869,484
Short-Term Investments†	11,693,741	—	—	11,693,741
Total Investments	\$1,085,563,225	—	—	\$1,085,563,225

† See Schedule of Investments for additional detailed categorizations.

(b) Foreign currency translation. Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts based upon prevailing exchange rates on the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts based upon prevailing exchange rates on the respective dates of such transactions.

The Portfolio does not isolate that portion of the results of operations resulting from fluctuations in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss on investments.

Net realized foreign exchange gains or losses arise from sales of foreign currencies, including gains and losses on forward foreign currency contracts, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Portfolio’s books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in

Notes to financial statements (cont'd)

the values of assets and liabilities, other than investments in securities, on the date of valuation, resulting from changes in exchange rates.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of U.S. dollar denominated transactions as a result of, among other factors, the possibility of lower levels of governmental supervision and regulation of foreign securities markets and the possibility of political or economic instability.

(c) Foreign investment risks. The Portfolio's investments in foreign securities may involve risks not present in domestic investments. Since securities may be denominated in foreign currencies, may require settlement in foreign currencies or may pay interest or dividends in foreign currencies, changes in the relationship of these foreign currencies to the U.S. dollar can significantly affect the value of the investments and earnings of the Portfolio. Foreign investments may also subject the Portfolio to foreign government exchange restrictions, expropriation, taxation or other political, social or economic developments, all of which affect the market and/or credit risk of the investments.

(d) Security transactions and investment income. Security transactions are accounted for on a trade date basis. Interest income (including interest income from payment-in-kind securities), adjusted for amortization of premium and accretion of discount, is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date for dividends received in cash and/or securities. Foreign dividend income is recorded on the ex-dividend date or as soon as practicable after the Portfolio determines the existence of a dividend declaration after exercising reasonable due diligence. The cost of investments sold is determined by use of the specific identification method. To the extent any issuer defaults or a credit event occurs that impacts the issuer, the Portfolio may halt any additional interest income accruals and consider the realizability of interest accrued up to the date of default or credit event.

(e) REIT distributions. The character of distributions received from Real Estate Investment Trusts ("REITs") held by the Portfolio is generally comprised of net investment income, capital gains, and return of capital. It is the policy of the Portfolio to estimate the character of distributions received from underlying REITs based on historical data provided by the REITs. After each calendar year end, REITs report the actual tax character of these distributions. Differences between the estimated and actual amounts reported by the REITs are reflected in the Portfolio's records in the year in which they are reported by the REITs by adjusting related investment cost basis, capital gains and income, as necessary.

(f) Distributions to shareholders. Distributions from net investment income and distributions of net realized gains, if any, are declared at least annually. Distributions to shareholders of the Portfolio are recorded on the ex-dividend date and are determined in accordance with income tax regulations, which may differ from GAAP.

(g) Share class accounting. Investment income, common expenses and realized/unrealized gains (losses) on investments are allocated to the various classes of the Portfolio on the basis of daily net assets of each class. Fees relating to a specific class are charged directly to that share class.

(h) Compensating balance arrangements. The Portfolio has an arrangement with its custodian bank whereby a portion of the custodian's fees is paid indirectly by credits earned on the Portfolio's cash on deposit with the bank.

(i) Federal and other taxes. It is the Portfolio's policy to comply with the federal income and excise tax requirements of the Internal Revenue Code of 1986 (the "Code"), as amended, applicable to regulated investment companies. Accordingly, the Portfolio intends to distribute its taxable income and net realized gains, if any, to shareholders in accordance with timing requirements imposed by the Code. Therefore, no federal or state income tax provision is required in the Portfolio's financial statements.

Management has analyzed the Portfolio's tax positions taken on income tax returns for all open tax years and has concluded that as of December 31, 2021, no provision for income tax is required in the Portfolio's financial statements. The Portfolio's federal and state income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state departments of revenue.

Under the applicable foreign tax laws, a withholding tax may be imposed on interest, dividends and capital gains at various rates.

(j) Reclassification. GAAP requires that certain components of net assets be reclassified to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. During the current year, the Portfolio had no reclassifications.

2. Investment management agreement and other transactions with affiliates

Legg Mason Partners Fund Advisor, LLC ("LMPFA") is the Portfolio's investment manager and ClearBridge Investments, LLC ("ClearBridge") is the Portfolio's subadviser. Western Asset Management Company, LLC ("Western Asset") manages the portion of the Portfolio's cash and short-term instruments allocated to it. LMPFA, ClearBridge and Western Asset are indirect, wholly-owned subsidiaries of Franklin Resources, Inc. ("Franklin Resources").

Notes to financial statements (cont'd)

Under the investment management agreement, the Portfolio pays an investment management fee, calculated daily and paid monthly, in accordance with the following breakpoint schedule:

Average Daily Net Assets	Annual Rate
First \$250 million	0.750%
Next \$250 million	0.700
Next \$500 million	0.650
Next \$1 billion	0.600
Next \$1 billion	0.550
Over \$3 billion	0.500

LMPFA provides administrative and certain oversight services to the Portfolio. LMPFA delegates to the subadviser the day-to-day portfolio management of the Portfolio, except for the management of the portion of the Portfolio's cash and short-term instruments allocated to Western Asset. For its services, LMPFA pays ClearBridge a fee monthly, at an annual rate equal to 70% of the net management fee it receives from the Portfolio. For Western Asset's services to the Portfolio, LMPFA pays Western Asset monthly 0.02% of the portion of the Portfolio's average daily net assets that are allocated to Western Asset by LMPFA.

As a result of expense limitation arrangements between the Portfolio and LMPFA, the ratio of total annual fund operating expenses, other than interest, brokerage, taxes, extraordinary expenses and acquired fund fees and expenses, to average net assets of Class I and Class II shares did not exceed 0.80% and 1.05%, respectively. These expense limitation arrangements cannot be terminated prior to December 31, 2023 without the Board of Trustees' consent. In addition, the manager has agreed to waive the Portfolio's management fee to an extent sufficient to offset the net management fee payable in connection with any investment in an affiliated money market fund (the "affiliated money market fund waiver"). The affiliated money market fund waiver is not subject to the recapture provision discussed below.

During the year ended December 31, 2021, fees waived and/or expenses reimbursed amounted to \$210, all of which was an affiliated money market fund waiver.

LMPFA is permitted to recapture amounts waived and/or reimbursed to a class during the same fiscal year if the class' total annual fund operating expenses have fallen to a level below the expense limitation ("expense cap") in effect at the time the fees were earned or the expenses incurred. In no case will LMPFA recapture any amount that would result, on any particular business day of the Portfolio, in the class' total annual fund operating expenses exceeding the expense cap or any other lower limit then in effect.

Franklin Distributors, LLC (known as Legg Mason Investor Services, LLC prior to July 7, 2021) ("Franklin Distributors") serves as the Portfolio's sole and exclusive distributor. Franklin Distributors is an indirect, wholly-owned broker-dealer subsidiary of Franklin Resources.

All officers and one Trustee of the Trust are employees of Franklin Resources or its affiliates and do not receive compensation from the Trust.

3. Investments

During the year ended December 31, 2021, the aggregate cost of purchases and proceeds from sales of investments (excluding short-term investments) were as follows:

Purchases	\$126,900,827
Sales	112,893,480

At December 31, 2021, the aggregate cost of investments and the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were as follows:

	Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Appreciation
Securities	\$374,889,244	\$713,431,399	\$(2,757,418)	\$710,673,981

4. Derivative instruments and hedging activities

During the year ended December 31, 2021, the Portfolio did not invest in derivative instruments.

5. Class specific expenses, waivers and/or expense reimbursements

The Portfolio has adopted a Rule 12b-1 shareholder services and distribution plan and under that plan the Portfolio pays service and/or distribution fees with respect to its Class II shares calculated at the annual rate of 0.25% of the average daily net assets of the class. Service and/or distribution fees are accrued daily and paid monthly.

For the year ended December 31, 2021, class specific expenses were as follows:

	Service and/or Distribution Fees	Transfer Agent Fees
Class I	—	\$27,802
Class II	\$562,830	13,570
Total	\$562,830	\$41,372

For the year ended December 31, 2021, waivers and/or expense reimbursements by class were as follows:

	Waivers/Expense Reimbursements
Class I	\$161
Class II	49
Total	\$210

Notes to financial statements (cont'd)

6. Distributions to shareholders by class

	Year Ended December 31, 2021	Year Ended December 31, 2020
Net Investment Income:		
Class I	\$ 4,862,876	\$ 6,452,326
Class II	937,138	1,422,690
Total	\$ 5,800,014	\$ 7,875,016
Net Realized Gains:		
Class I	\$29,362,636	\$19,523,798
Class II	8,979,735	5,317,686
Total	\$38,342,371	\$24,841,484

7. Shares of beneficial interest

At December 31, 2021, the Trust had an unlimited number of shares of beneficial interest authorized with a par value of \$0.00001 per share. The Portfolio has the ability to issue multiple classes of shares. Each class of shares represents an identical interest and has the same rights, except that each class bears certain direct expenses, including those specifically related to the distribution of its shares.

Transactions in shares of each class were as follows:

	Year Ended December 31, 2021		Year Ended December 31, 2020	
	Shares	Amount	Shares	Amount
Class I				
Shares sold	1,958,478	\$ 114,247,653	30,819	\$ 1,413,643
Shares issued on reinvestment	569,726	34,225,512	533,469	25,976,124
Shares repurchased	(2,016,014)	(116,921,234)	(1,934,888)	(88,472,546)
Net increase (decrease)	512,190	\$ 31,551,931	(1,370,600)	\$(61,082,779)
Class II				
Shares sold	530,445	\$ 29,834,169	841,044	\$ 37,352,355
Shares issued on reinvestment	166,108	9,916,873	139,055	6,740,376
Shares repurchased	(189,253)	(10,839,055)	(241,042)	(10,666,092)
Net increase	507,300	\$ 28,911,987	739,057	\$ 33,426,639

8. Transactions with affiliated company

As defined by the 1940 Act, an affiliated company is one in which the Portfolio owns 5% or more of the outstanding voting securities, or a company which is under common ownership or control with the Portfolio. The following company was considered an affiliated company

for all or some portion of the year ended December 31, 2021. The following transactions were effected in such company for the year ended December 31, 2021.

	Affiliate Value at December 31, 2020	Purchased		Sold	
		Cost	Shares	Cost	Shares
Western Asset Premier Institutional U.S. Treasury Reserves, Premium Shares	\$527,693	\$33,241,176	33,241,176	\$31,430,121	31,430,121
(cont'd)	Realized Gain (Loss)	Dividend Income	Net Increase (Decrease) in Unrealized Appreciation (Depreciation)	Affiliate Value at December 31, 2021	
Western Asset Premier Institutional U.S. Treasury Reserves, Premium Shares	—	\$231	—	\$2,338,748	

9. Income tax information and distributions to shareholders

The tax character of distributions paid during the fiscal years ended December 31, was as follows:

	2021	2020
Distributions paid from:		
Ordinary income	\$ 6,775,441	\$ 8,436,324
Net long-term capital gains	37,366,944	24,280,176
Total distributions paid	\$44,142,385	\$32,716,500

As of December 31, 2021, the components of distributable earnings (loss) on a tax basis were as follows:

Undistributed ordinary income — net	\$ 693,941
Undistributed long-term capital gains — net	8,402,462
Total undistributed earnings	\$ 9,096,403
Other book/tax temporary differences ^(a)	(49,816)
Unrealized appreciation (depreciation) ^(b)	710,674,092
Total distributable earnings (loss) — net	\$719,720,679

^(a) Other book/tax temporary differences are attributable to book/tax differences in the timing of the deductibility of various expenses.

^(b) The difference between book-basis and tax-basis unrealized appreciation (depreciation) is attributable to the tax deferral of losses on wash sales.

10. Recent accounting pronouncement

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, *Reference Rate Reform (Topic 848) – Facilitation of*

Notes to financial statements (cont'd)

the Effects of Reference Rate Reform on Financial Reporting. In January 2021, the FASB issued ASU No. 2021-01, with further amendments to Topic 848. The amendments in the ASUs provide optional temporary accounting recognition and financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of the LIBOR and other interbank-offered based reference rates as of the end of 2021 and 2023. The ASUs are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management has reviewed the requirements and believes the adoption of these ASUs will not have a material impact on the financial statements.

11. Other matter

The outbreak of the respiratory illness COVID-19 (commonly referred to as “coronavirus”) has continued to rapidly spread around the world, causing considerable uncertainty for the global economy and financial markets. The ultimate economic fallout from the pandemic, and the long-term impact on economies, markets, industries and individual issuers, are not known. The COVID-19 pandemic could adversely affect the value and liquidity of the Portfolio’s investments, impair the Portfolio’s ability to satisfy redemption requests, and negatively impact the Portfolio’s performance. In addition, the outbreak of COVID-19, and measures taken to mitigate its effects, could result in disruptions to the services provided to the Portfolio by its service providers.

12. Subsequent event

On February 4, 2022, the Portfolio, together with other U.S. registered and foreign investment funds (collectively, the “Borrowers”) managed by Franklin Resources or its affiliates, became a borrower in a joint syndicated senior unsecured credit facility totaling \$2.675 billion (the “Global Credit Facility”). The Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests. Unless renewed, the Global Credit Facility will terminate on February 3, 2023.

Report of independent registered public accounting firm

To the Board of Trustees of Legg Mason Partners Variable Equity Trust and Shareholders of ClearBridge Variable Appreciation Portfolio

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of ClearBridge Variable Appreciation Portfolio (one of the funds constituting Legg Mason Partners Variable Equity Trust, referred to hereafter as the “Fund”) as of December 31, 2021, the related statement of operations for the year ended December 31, 2021, the statement of changes in net assets for each of the two years in the period ended December 31, 2021, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2021 (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2021, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2021 and the financial highlights for each of the five years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2021 by correspondence with the custodian. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP

Baltimore, Maryland
February 11, 2022

We have served as the auditor of one or more investment companies in the Franklin Templeton Group of Funds since 1948.

Statement regarding liquidity risk management program

(unaudited)

Each Fund has adopted and implemented a written Liquidity Risk Management Program (the “LRMP”) as required by Rule 22e-4 under the Investment Company Act of 1940 (the “Liquidity Rule”). The LRMP is designed to assess and manage each Fund’s liquidity risk, which is defined as the risk that the Fund could not meet requests to redeem shares issued by the Fund without significant dilution of remaining investors’ interests in the Fund. In accordance with the Liquidity Rule, the LRMP includes policies and procedures that provide for: (1) assessment, management, and review (no less frequently than annually) of each Fund’s liquidity risk; (2) classification of each Fund’s portfolio holdings into one of four liquidity categories (Highly Liquid, Moderately Liquid, Less Liquid, and Illiquid); (3) for Funds that do not primarily hold assets that are Highly Liquid, establishing and maintaining a minimum percentage of the Fund’s net assets in Highly Liquid investments (called a “Highly Liquid Investment Minimum” or “HLIM”); and (4) prohibiting the Fund’s acquisition of Illiquid investments that would result in the Fund holding more than 15% of its net assets in Illiquid assets. The LRMP also requires reporting to the Securities and Exchange Commission (“SEC”) (on a non-public basis) and to the Board if the Fund’s holdings of Illiquid assets exceed 15% of the Fund’s net assets. Funds with HLIMs must have procedures for addressing HLIM shortfalls, including reporting to the Board and, with respect to HLIM shortfalls lasting more than seven consecutive calendar days, reporting to the SEC (on a non-public basis).

The Director of Liquidity Risk within the Investment Risk Management Group (the “IRMG”) is the appointed Administrator of the LRMP. The IRMG maintains the Investment Liquidity Committee (the “ILC”) to provide oversight and administration of policies and procedures governing liquidity risk management for Franklin Templeton and Legg Mason products and portfolios. The ILC includes representatives from Franklin Templeton’s Risk, Trading, Global Compliance, Legal, Investment Compliance, Investment Operations, Valuation Committee, Product Management and Global Product Strategy.

In assessing and managing each Fund’s liquidity risk, the ILC considers, as relevant, a variety of factors, including the Fund’s investment strategy and the liquidity of its portfolio investments during both normal and reasonably foreseeable stressed conditions; its short and long-term cash flow projections; and its cash holdings and access to other funding sources including the Funds’ interfund lending facility and line of credit. Classification of the Fund’s portfolio holdings in the four liquidity categories is based on the number of days it is reasonably expected to take to convert the investment to cash (for Highly Liquid and Moderately Liquid holdings) or sell or dispose of the investment (for Less Liquid and Illiquid investments), in current market conditions without significantly changing the investment’s market value.

Each Fund primarily holds liquid assets that are defined under the Liquidity Rule as “Highly Liquid Investments,” and therefore is not required to establish an HLIM. Highly Liquid

Investments are defined as cash and any investment reasonably expected to be convertible to cash in current market conditions in three business days or less without the conversion to cash significantly changing the market value of the investment.

At meetings of the Funds' Board of Trustees/Directors held in November 2021, the Program Administrator provided a written report to the Board addressing the adequacy and effectiveness of the program for the year ended December 31, 2020. The Program Administrator report concluded that (i.) the LRMP, as adopted and implemented, remains reasonably designed to assess and manage each Fund's liquidity risk; (ii.) the LRMP, including the Highly Liquid Investment Minimum ("HLIM") where applicable, was implemented and operated effectively to achieve the goal of assessing and managing each Fund's liquidity risk; and (iii.) each Fund was able to meet requests for redemption without significant dilution of remaining investors' interests in the Fund.

Additional information (unaudited)

Information about Trustees and Officers

The business and affairs of ClearBridge Variable Appreciation Portfolio (the “Portfolio”) are conducted by management under the supervision and subject to the direction of its Board of Trustees. The business address of each Trustee is c/o Jane Trust, Legg Mason, 100 International Drive, 11th Floor, Baltimore, Maryland 21202. Information pertaining to the Trustees and officers of the Portfolio is set forth below.

Previously, the mutual funds of Legg Mason Global Asset Management Trust were overseen by one group of Trustees, and the mutual funds of Legg Mason Partners Investment Trust and Legg Mason Partners Variable Equity Trust (collectively, the “Funds”) were overseen by a different group of Trustees. A joint proxy statement was mailed to solicit shareholder approval for the election of a single slate of Trustees. Shareholders approved the proposed Trustees during a joint special meeting of shareholders on June 15, 2021. Effective July 1, 2021, the Trustees listed below oversee all of the Funds.

The Statement of Additional Information includes additional information about Trustees and is available, without charge, upon request by calling the Portfolio at 1-877-6LM-FUND/656-3863.

Independent Trustees†

Paul R. Ades

Year of birth	1940
Position(s) with Trust	Trustee
Term of office ¹ and length of time served ²	Since 1983
Principal occupation(s) during the past five years	Paul R. Ades, PLLC (law firm) (since 2000)
Number of funds in fund complex overseen by Trustee	60
Other board memberships held by Trustee during the past five years	None

Andrew L. Breech

Year of birth	1952
Position(s) with Trust	Trustee
Term of office ¹ and length of time served ²	Since 1991
Principal occupation(s) during the past five years	President, Dealer Operating Control Service, Inc. (automotive retail management) (since 1985)
Number of funds in fund complex overseen by Trustee	60
Other board memberships held by Trustee during the past five years	None

Independent Trustees[†] (cont'd)**Althea L. Duersten***

Year of birth	1951
Position(s) with Trust	Trustee and Chair of the Board
Term of office ¹ and length of time served ²	Since 2014 (Chair of the Board since 2021)
Principal occupation(s) during the past five years	Retired (since 2011); formerly, Chief Investment Officer, North America, JPMorgan Chase (investment bank) and member of JPMorgan Executive Committee (2007 to 2011)
Number of funds in fund complex overseen by Trustee	60
Other board memberships held by Trustee during the past five years	Formerly, Non-Executive Director, Rokos Capital Management LLP (2019 to 2020)

Stephen R. Gross

Year of birth	1947
Position(s) with Trust	Trustee
Term of office ¹ and length of time served ²	Since 1986
Principal occupation(s) during the past five years	Chairman Emeritus (since 2011) and formerly, Chairman, HLB Gross Collins, P.C. (accounting and consulting firm) (1979 to 2011); Executive Director of Business Builders Team, LLC (since 2005); Principal, Gross Consulting Group, LLC (since 2011); CEO, Gross Capital Partners, LLC (since 2014); CEO, Trusted CFO Solutions, LLC (since 2011)
Number of funds in fund complex overseen by Trustee	60
Other board memberships held by Trustee during the past five years	None

Susan M. Heilbron

Year of birth	1945
Position(s) with Trust	Trustee
Term of office ¹ and length of time served ²	Since 1991
Principal occupation(s) during the past five years	Retired; formerly, President, Lacey & Heilbron (communications consulting) (1990 to 2002); General Counsel and Executive Vice President, The Trump Organization (1986 to 1990); Senior Vice President, New York State Urban Development Corporation (1984 to 1986); Associate, Cravath, Swaine & Moore LLP (1980 to 1984 and 1977 to 1979)
Number of funds in fund complex overseen by Trustee	60
Other board memberships held by Trustee during the past five years	Formerly, Director, Lincoln Savings Bank FSB (1991 to 1994); Director, Trump Shuttle, Inc. (air transportation) (1989 to 1990); Director, Alexander's Inc. (department store) (1987 to 1990)

Additional information (unaudited) (cont'd)

Information about Trustees and Officers

Independent Trustees[†] (cont'd)

Howard J. Johnson

Year of birth	1938
Position(s) with Trust	Trustee
Term of office ¹ and length of time served ²	From 1981 to 1998 and since 2000
Principal occupation(s) during the past five years	Retired; formerly, Chief Executive Officer, Genesis Imaging LLC (technology company) (2003 to 2012)
Number of funds in fund complex overseen by Trustee	60
Other board memberships held by Trustee during the past five years	None

Arnold L. Lehman

Year of birth	1944
Position(s) with Trust	Trustee
Term of office ¹ and length of time served ²	Since 1982
Principal occupation(s) during the past five years	Senior Advisor, Phillips (auction house) (since 2015); formerly, Fellow, Ford Foundation (2015 to 2016); Director of the Brooklyn Museum (1997 to 2015)
Number of funds in fund complex overseen by Trustee	60
Other board memberships held by Trustee during the past five years	Trustee of American Federation of Arts (since 2002)

Robin J. W. Masters

Year of birth	1955
Position(s) with Trust	Trustee
Term of office ¹ and length of time served ²	Since 2002
Principal occupation(s) during the past five years	Retired; formerly, Chief Investment Officer of ACE Limited (insurance) (1986 to 2000)
Number of funds in fund complex overseen by Trustee	60
Other board memberships held by Trustee during the past five years	Director of HSBC Managed Portfolios Limited and HSBC Specialist Funds Limited (since 2020); formerly, Director of Cheyne Capital International Limited (investment advisory firm) (2005 to 2020); Director/ Trustee of Legg Mason Institutional Funds plc, Western Asset Fixed Income Funds plc and Western Asset Debt Securities Fund plc. (2007 to 2011)

Jerome H. Miller

Year of birth	1938
Position(s) with Trust	Trustee
Term of office ¹ and length of time served ²	Since 1995
Principal occupation(s) during the past five years	Retired; formerly, President, Shearson Lehman Asset Management (1991 to 1993), Vice Chairman, Shearson Lehman Hutton Inc. (1989 to 1992) and Senior Executive Vice President, E.F. Hutton Group Inc. (1986 to 1989)
Number of funds in fund complex overseen by Trustee	60
Other board memberships held by Trustee during the past five years	None

Independent Trustees[†] (cont'd)**Ken Miller**

Year of birth	1942
Position(s) with Trust	Trustee
Term of office ¹ and length of time served ²	Since 1983
Principal occupation(s) during the past five years	Retired; formerly, President, Young Stuff Apparel Group, Inc. (apparel manufacturer), division of Li & Fung (1963 to 2012)
Number of funds in fund complex overseen by Trustee	60
Other board memberships held by Trustee during the past five years	None

G. Peter O'Brien

Year of birth	1945
Position(s) with Trust	Trustee
Term of office ¹ and length of time served ²	Since 1999
Principal occupation(s) during the past five years	Retired, Trustee Emeritus of Colgate University (since 2005); Board Member, Hill House, Inc. (residential home care) (since 1999); formerly, Board Member, Bridges School (pre-school) (2006 to 2017); Managing Director, Equity Capital Markets Group of Merrill Lynch & Co. (1971 to 1999)
Number of funds in fund complex overseen by Trustee	Trustee of Legg Mason funds consisting of 60 portfolios; Director/Trustee of the Royce Family of Funds consisting of 16 portfolios
Other board memberships held by Trustee during the past five years	Formerly, Director of TICC Capital Corp. (2003 to 2017)

Thomas F. Schlafly

Year of birth	1948
Position(s) with Trust	Trustee
Term of office ¹ and length of time served ²	Since 1983
Principal occupation(s) during the past five years	Chairman, The Saint Louis Brewery, LLC (brewery) (since 2012); formerly, President, The Saint Louis Brewery, Inc. (1989 to 2012); Senior Counsel (since 2017) and formerly, Partner (2009 to 2016), Thompson Coburn LLP (law firm)
Number of funds in fund complex overseen by Trustee	60
Other board memberships held by Trustee during the past five years	Director, CNB St. Louis Bank (since 2020); formerly, Director, Citizens National Bank of Greater St. Louis (2006 to 2020)

Additional information (unaudited) (cont'd)

Information about Trustees and Officers

Interested Trustee and Officer

Jane Trust, CFA³

Year of birth	1962
Position(s) with Trust	Trustee, President and Chief Executive Officer
Term of office ¹ and length of time served ²	Since 2015
Principal occupation(s) during the past five years	Senior Vice President, Fund Board Management, Franklin Templeton (since 2020); Officer and/or Trustee/Director of 131 funds associated with LMPFA or its affiliates (since 2015); President and Chief Executive Officer of LMPFA (since 2015); formerly, Senior Managing Director (2018 to 2020) and Managing Director (2016 to 2018) of Legg Mason & Co., LLC ("Legg Mason & Co."); Senior Vice President of LMPFA (2015)
Number of funds in fund complex overseen by Trustee	129
Other board memberships held by Trustee during the past five years	None

Additional Officers

Ted P. Becker

Franklin Templeton
620 Eighth Avenue, 47th Floor, New York, NY 10018

Year of birth	1951
Position(s) with Trust	Chief Compliance Officer
Term of office ¹ and length of time served ²	Since 2007
Principal occupation(s) during the past five years	Vice President, Global Compliance of Franklin Templeton (since 2020); Chief Compliance Officer of LMPFA (since 2006); Chief Compliance Officer of certain funds associated with Legg Mason & Co. or its affiliates (since 2006); formerly, Director of Global Compliance at Legg Mason, Inc. (2006 to 2020); Managing Director of Compliance of Legg Mason & Co. (2005 to 2020)

Susan Kerr

Franklin Templeton
620 Eighth Avenue, 47th Floor, New York, NY 10018

Year of birth	1949
Position(s) with Trust	Chief Anti-Money Laundering Compliance Officer
Term of office ¹ and length of time served ²	Since 2013
Principal occupation(s) during the past five years	Senior Compliance Analyst, Franklin Templeton (since 2020); Chief Anti-Money Laundering Compliance Officer of certain funds associated with Legg Mason & Co. or its affiliates (since 2013) and Anti-Money Laundering Compliance Officer (since 2012), Senior Compliance Officer (since 2011) and Assistant Vice President (since 2010) of Franklin Distributors, LLC; formerly, Assistant Vice President of Legg Mason & Co. (2010 to 2020)

Additional Officers (cont'd)

Jenna Bailey

Franklin Templeton
100 First Stamford Place, 5th Floor, Stamford, CT 06902

Year of birth	1978
Position(s) with Trust	Identity Theft Prevention Officer
Term of office ¹ and length of time served ²	Since 2015
Principal occupation(s) during the past five years	Senior Compliance Analyst of Franklin Templeton (since 2020); Identity Theft Prevention Officer of certain funds associated with Legg Mason & Co. or its affiliates (since 2015); formerly, Compliance Officer of Legg Mason & Co. (2013 to 2020); Assistant Vice President of Legg Mason & Co. (2011 to 2020)

Marc A. De Oliveira

Franklin Templeton
100 First Stamford Place, 6th Floor, Stamford, CT 06902

Year of birth	1971
Position(s) with Trust	Secretary and Chief Legal Officer
Term of office ¹ and length of time served ²	Since 2020
Principal occupation(s) during the past five years	Associate General Counsel of Franklin Templeton (since 2020); Assistant Secretary of certain funds associated with Legg Mason & Co. or its affiliates (since 2006); formerly, Managing Director (2016 to 2020) and Associate General Counsel of Legg Mason & Co. (2005 to 2020)

Thomas C. Mandia

Franklin Templeton
100 First Stamford Place, 6th Floor, Stamford, CT 06902

Year of birth	1962
Position(s) with Trust	Senior Vice President
Term of office ¹ and length of time served ²	Since 2020
Principal occupation(s) during the past five years	Senior Associate General Counsel of Franklin Templeton (since 2020); Secretary of LMPFA (since 2006); Assistant Secretary of certain funds associated with Legg Mason & Co. or its affiliates (since 2006); Secretary of LM Asset Services, LLC ("LMAS") (since 2002) and Legg Mason Fund Asset Management, Inc. ("LMFAM") (since 2013) (formerly registered investment advisers); formerly, Managing Director and Deputy General Counsel of Legg Mason & Co. (2005 to 2020)

Additional information (unaudited) (cont'd)

Information about Trustees and Officers

Additional Officers (cont'd)

Christopher Berarducci

Franklin Templeton
620 Eighth Avenue, 47th Floor, New York, NY 10018

Year of birth	1974
Position(s) with Trust	Treasurer and Principal Financial Officer
Term of office ¹ and length of time served ²	Since 2014 and 2019
Principal occupation(s) during the past five years	Vice President, Fund Administration and Reporting, Franklin Templeton (since 2020); Treasurer (since 2010) and Principal Financial Officer (since 2019) of certain funds associated with Legg Mason & Co. or its affiliates; formerly, Managing Director (2020), Director (2015 to 2020), and Vice President (2011 to 2015) of Legg Mason & Co.

Jeanne M. Kelly

Franklin Templeton
620 Eighth Avenue, 47th Floor, New York, NY 10018

Year of birth	1951
Position(s) with Trust	Senior Vice President
Term of office ¹ and length of time served ²	Since 2007
Principal occupation(s) during the past five years	U.S. Fund Board Team Manager, Franklin Templeton (since 2020); Senior Vice President of certain funds associated with Legg Mason & Co. or its affiliates (since 2007); Senior Vice President of LMPFA (since 2006); President and Chief Executive Officer of LMAS and LMFAM (since 2015); formerly, Managing Director of Legg Mason & Co. (2005 to 2020); Senior Vice President of LMFAM (2013 to 2015)

† Trustees who are not “interested persons” of the Portfolio within the meaning of Section 2(a)(19) of the Investment Company Act of 1940, as amended (the “1940 Act”).

* Effective January 1, 2021, Ms. Duersten became Chair.

¹ Each Trustee and officer serves until his or her respective successor has been duly elected and qualified or until his or her earlier death, resignation, retirement or removal.

² Indicates the earliest year in which the Trustee became a board member for a fund in the Legg Mason fund complex or the officer took such office.

³ Ms. Trust is an “interested person” of the Portfolio, as defined in the 1940 Act, because of her position with LMPFA and/or certain of its affiliates.

Important tax information (unaudited)

By mid-February, tax information related to a shareholder's proportionate share of distributions paid during the preceding calendar year will be received, if applicable. Please also refer to www.franklintempleton.com for per share tax information related to any distributions paid during the preceding calendar year. Shareholders are advised to consult with their tax advisors for further information on the treatment of these amounts on their tax returns.

The following tax information for the Portfolio is required to be furnished to shareholders with respect to income earned and distributions paid during its fiscal year.

The Portfolio hereby reports the following amounts, or if subsequently determined to be different, the maximum allowable amounts, for the fiscal year ended December 31, 2021:

	Pursuant to:	Amount Reported
Long-Term Capital Gain Dividends Distributed	§852(b)(3)(C)	\$37,366,944
Income Eligible for Dividends Received Deduction (DRD)	§854(b)(1)(A)	\$13,481,913

ClearBridge Variable Appreciation Portfolio

Trustees*

Paul R. Ades
Andrew L. Breech
Althea L. Duersten**
Chair
Stephen R. Gross
Susan M. Heilbron
Howard J. Johnson
Arnold L. Lehman
Robin J. W. Masters
Jerome H. Miller
Ken Miller
G. Peter O'Brien
Thomas F. Schlafly
Jane Trust

Investment manager

Legg Mason Partners Fund Advisor, LLC

Subadviser

ClearBridge Investments, LLC

Distributor

Franklin Distributors, LLC†

Custodian

The Bank of New York Mellon

Transfer agent#

Franklin Templeton Investor Services, LLC
3344 Quality Drive
Rancho Cordova, CA 95670-7313

Independent registered public accounting firm

PricewaterhouseCoopers LLP
Baltimore, MD

* During a June 15, 2021 special meeting of shareholders, a new group of Trustees were elected to oversee the mutual funds of Legg Mason Global Asset Management Trust, Legg Mason Partners Investment Trust (prior to September 1, 2021, known as Legg Mason Partners Equity Trust) and Legg Mason Partners Variable Equity Trust, effective July 1, 2021.

** Effective January 1, 2021, Ms. Duersten became Chair.

† Effective July 7, 2021, Legg Mason Investor Services, LLC was renamed Franklin Distributors, LLC.

Effective February 22, 2022, Franklin Templeton Investor Services, LLC replaced BNY Mellon Investment Servicing (US) Inc. as Transfer Agent.

ClearBridge Variable Appreciation Portfolio

The Portfolio is a separate investment series of Legg Mason Partners Variable Equity Trust, a Maryland statutory trust.

ClearBridge Variable Appreciation Portfolio
Legg Mason Funds
620 Eighth Avenue, 47th Floor
New York, NY 10018

The Portfolio files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. The Portfolio's Forms N-PORT are available on the SEC's website at www.sec.gov. To obtain information on Form N-PORT, shareholders can call the Portfolio at 1-877-6LM-FUND/656-3863.

Information on how the Portfolio voted proxies relating to portfolio securities during the prior 12-month period ended June 30th of each year and a description of the policies and procedures that the Portfolio uses to determine how to vote proxies related to portfolio transactions are available (1) without charge, upon request, by calling the Portfolio at 1-877-6LM-FUND/656-3863, (2) at www.franklintempleton.com and (3) on the SEC's website at www.sec.gov.

This report is submitted for the general information of the shareholders of ClearBridge Variable Appreciation Portfolio. This report is not authorized for distribution to prospective investors in the Portfolio unless preceded or accompanied by a current prospectus.

Investors should consider the Portfolio's investment objectives, risks, charges and expenses carefully before investing. The prospectus contains this and other important information about the Portfolio. Please read the prospectus carefully before investing.

www.franklintempleton.com

© 2022 Franklin Distributors, LLC, Member FINRA/SIPC. All rights reserved.

Legg Mason Funds Privacy and Security Notice

Your Privacy and the Security of Your Personal Information is Very Important to the Legg Mason Funds

This Privacy and Security Notice (the “Privacy Notice”) addresses the Legg Mason Funds’ privacy and data protection practices with respect to nonpublic personal information the Funds receive. The Legg Mason Funds include any funds sold by the Funds’ distributor, Franklin Distributors, LLC, as well as Legg Mason-sponsored closed-end funds. The provisions of this Privacy Notice apply to your information both while you are a shareholder and after you are no longer invested with the Funds.

The Type of Nonpublic Personal Information the Funds Collect About You

The Funds collect and maintain nonpublic personal information about you in connection with your shareholder account. Such information may include, but is not limited to:

- Personal information included on applications or other forms;
- Account balances, transactions, and mutual fund holdings and positions;
- Bank account information, legal documents, and identity verification documentation;
- Online account access user IDs, passwords, security challenge question responses; and
- Information received from consumer reporting agencies regarding credit history and creditworthiness (such as the amount of an individual’s total debt, payment history, etc.).

How the Funds Use Nonpublic Personal Information About You

The Funds do not sell or share your nonpublic personal information with third parties or with affiliates for their marketing purposes, or with other financial institutions or affiliates for joint marketing purposes, unless you have authorized the Funds to do so. The Funds do not disclose any nonpublic personal information about you except as may be required to perform transactions or services you have authorized or as permitted or required by law.

The Funds may disclose information about you to:

- Employees, agents, and affiliates on a “need to know” basis to enable the Funds to conduct ordinary business, or to comply with obligations to government regulators;
- Service providers, including the Funds’ affiliates, who assist the Funds as part of the ordinary course of business (such as printing, mailing services, or processing or servicing your account with us) or otherwise perform services on the Funds’ behalf, including companies that may perform statistical analysis, market research and marketing services solely for the Funds;
- Permit access to transfer, whether in the United States or countries outside of the United States to such Funds’ employees, agents and affiliates and service providers as required to enable the Funds to conduct ordinary business, or to comply with obligations to government regulators;
- The Funds’ representatives such as legal counsel, accountants and auditors to enable the Funds to conduct ordinary business, or to comply with obligations to government regulators;
- Fiduciaries or representatives acting on your behalf, such as an IRA custodian or trustee of a grantor trust.

Legg Mason Funds Privacy and Security Notice (cont'd)

Except as otherwise permitted by applicable law, companies acting on the Funds' behalf, including those outside the United States, are contractually obligated to keep nonpublic personal information the Funds provide to them confidential and to use the information the Funds share only to provide the services the Funds ask them to perform. The Funds may disclose nonpublic personal information about you when necessary to enforce their rights or protect against fraud, or as permitted or required by applicable law, such as in connection with a law enforcement or regulatory request, subpoena, or similar legal process. In the event of a corporate action or in the event a Fund service provider changes, the Funds may be required to disclose your nonpublic personal information to third parties. While it is the Funds' practice to obtain protections for disclosed information in these types of transactions, the Funds cannot guarantee their privacy policy will remain unchanged.

Keeping You Informed of the Funds' Privacy and Security Practices

The Funds will notify you annually of their privacy policy as required by federal law. While the Funds reserve the right to modify this policy at any time they will notify you promptly if this privacy policy changes.

The Funds' Security Practices

The Funds maintain appropriate physical, electronic and procedural safeguards designed to guard your nonpublic personal information. The Funds' internal data security policies restrict access to your nonpublic personal information to authorized employees, who may use your nonpublic personal information for Fund business purposes only.

Although the Funds strive to protect your nonpublic personal information, they cannot ensure or warrant the security of any information you provide or transmit to them, and you do so at your own risk. In the event of a breach of the confidentiality or security of your nonpublic personal information, the Funds will attempt to notify you as necessary, so you can take appropriate protective steps. If you have consented to the Funds using electronic communications or electronic delivery of statements, they may notify you under such circumstances using the most current email address you have on record with them.

In order for the Funds to provide effective service to you, keeping your account information accurate is very important. If you believe that your account information is incomplete, not accurate or not current, if you have questions about the Funds' privacy practices, or our use of your nonpublic personal information, write the Funds using the contact information on your account statements, email the Funds by clicking on the Contact Us section of the Funds' website at www.franklintempleton.com, or contact the Fund at 1-877-6LM-FUND/656-3863.

Revised April 2018

Legg Mason California Consumer Privacy Act Policy

Although much of the personal information we collect is "nonpublic personal information" subject to federal law, residents of California may, in certain circumstances, have additional rights under the California Consumer Privacy Act ("CCPA"). For example, if you are a broker,

Legg Mason Funds Privacy and Security Notice (cont'd)

dealer, agent, fiduciary, or representative acting by or on behalf of, or for, the account of any other person(s) or household, or a financial advisor, or if you have otherwise provided personal information to us separate from the relationship we have with personal investors, the provisions of this Privacy Policy apply to your personal information (as defined by the CCPA).

- In addition to the provisions of the Legg Mason Funds Security and Privacy Notice, you may have the right to know the categories and specific pieces of personal information we have collected about you.
- You also have the right to request the deletion of the personal information collected or maintained by the Funds.

If you wish to exercise any of the rights you have in respect of your personal information, you should advise the Funds by contacting them as set forth below. The rights noted above are subject to our other legal and regulatory obligations and any exemptions under the CCPA. You may designate an authorized agent to make a rights request on your behalf, subject to the identification process described below. We do not discriminate based on requests for information related to our use of your personal information, and you have the right not to receive discriminatory treatment related to the exercise of your privacy rights.

We may request information from you in order to verify your identity or authority in making such a request. If you have appointed an authorized agent to make a request on your behalf, or you are an authorized agent making such a request (such as a power of attorney or other written permission), this process may include providing a password/passcode, a copy of government issued identification, affidavit or other applicable documentation, i.e. written permission. We may require you to verify your identity directly even when using an authorized agent, unless a power of attorney has been provided. We reserve the right to deny a request submitted by an agent if suitable and appropriate proof is not provided.

For the 12-month period prior to the date of this Privacy Policy, the Legg Mason Funds have not sold any of your personal information; nor do we have any plans to do so in the future.

Contact Information

Address: Data Privacy Officer, 100 International Dr., Baltimore, MD 21202

Email: DataProtectionOfficer@franklintempleton.com

Phone: 1-800-396-4748

Revised October 2020

www.franklintempleton.com

© 2022 Franklin Distributors, LLC, Member FINRA/SIPC. All rights reserved.

FDXX010730 2/22 SR22-4337

This Page Intentionally Left Blank

This Page Intentionally Left Blank

This Page Intentionally Left Blank

Variable Portfolio Funds

70100 Ameriprise Financial Center
Minneapolis, MN 55474