

Annual Report | December 31, 2019

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# CLEARBRIDGE VARIABLE LARGE CAP VALUE PORTFOLIO

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Beginning in January 2021, as permitted by regulations adopted by the Securities and Exchange Commission, your insurance company may no longer send you paper copies of the Fund's shareholder reports like this one by mail, unless you specifically request paper copies of the reports from the insurance company or your financial intermediary. Instead, the shareholder reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. If your insurance company offers electronic delivery, you may elect to receive shareholder reports and other communications from them electronically by following the instructions provided by the insurance company.

You may elect to receive all future reports in paper free of charge. You can inform the insurance company that you wish to continue receiving paper copies of shareholder reports by following the instructions provided by them. Your election will apply to all Funds available under your contract with the insurance company.

## Portfolio objectives

The primary investment objective of the Portfolio is to seek long-term growth of capital. Current income is a secondary objective.

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## Letter from the president



### Dear Shareholder,

We are pleased to provide the annual report of ClearBridge Variable Large Cap Value Portfolio for the twelve-month reporting period ended December 31, 2019. 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.leggmason.com](http://www.leggmason.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,



Jane Trust, CFA  
President and Chief Executive Officer

January 31, 2020

## Portfolio overview

### **Q. What is the Portfolio's investment strategy?**

**A.** The primary investment objective of the Portfolio is to seek long-term growth of capital. Current income is a secondary objective. Under normal circumstances, the Portfolio invests at least 80% of its net assets, plus borrowings for investment purposes, if any, in equity securities, or other investments with similar economic characteristics, of companies with large market capitalizations.

We emphasize individual security selection while diversifying the Portfolio's investments across industries, which may help to reduce risk. We focus on established large capitalization companies. We utilize an interactive fundamental research-driven approach to identify those companies with favorable valuations and attractive growth potential. In selecting individual companies for investment, we look for companies with competitive market positions, competitive products and services, experienced management teams and stable financial conditions.

We utilize ClearBridge's 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. equity markets made healthy gains in 2019, with the broad market S&P 500 Index<sup>i</sup> advancing 31.49% during the twelve-month reporting period ended December 31, 2019. After a market correction in December 2018, driven by fears of a slowing economy and rising interest rates, Information Technology ("IT") stocks led a market recovery in the first quarter of 2019 as sentiment toward economic growth improved following more dovish commentary from the Federal Reserve Board (the "Fed")<sup>ii</sup>. Further signs of progress in trade negotiations with China and additional hints at more accommodative Fed policy supported positive equity returns in the second quarter of 2019, albeit more modest than that of the first quarter.

In July 2019, the Fed cut the federal funds target rate for the first time in a decade. Cuts again in September and October 2019 left the target rate at a range between 1.50% and 1.75% and brought the Fed in alignment with the accommodative stances of other global central banks. These moves, coupled with an ever-resilient U.S. consumer, helped the broad market post slightly positive gains in the third quarter of 2019, despite renewed U.S.-China trade concerns, slowing manufacturing data and an inversion in the 2-year/10-year yield curve<sup>iii</sup>. Defensive or yield-driven stocks performed well, with the Utilities, Real Estate and Consumer Staples sectors among market leaders.

## Portfolio overview (cont'd)

In the final quarter of 2019 at least partial resolutions to many key concerns — the U.S. and China reached a phase one trade agreement; the Fed's forward rate outlook suggested sustained accommodation; the U.K. inched toward a Brexit resolution — led to a cyclical rotation as technology stocks resumed their leadership of the market.

Overall, for the twelve-month reporting period, highly visible top-line growth and continued momentum drove market-leading returns for the IT sector. Throughout most of 2019, elevated trade tensions and concerns of end-market demand weighed on relative performance for the Energy sector. The Health Care sector also underperformed as Democratic party candidates campaigning for the U.S. 2020 presidential election elevated concerns on potential changes to the health care system and drug pricing.

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

**A.** During the period we continued to gradually reduce cyclicality and improve the quality of companies we own, while reducing leverage on the margin. Quality remains at the core of our investment philosophy, and we maintain a disciplined investment approach that focuses on competitively advantaged companies with strong business franchises capable of generating superior returns across cycles.

Overall, we reduced exposures to the relatively more cyclical energy and financial services positions with the sales of Halliburton and Schlumberger as well as State Street, MetLife and Capital One. Over the past few years, we have witnessed heightened cyclicality in North American oilfield services and more intense and frequent supply/demand imbalances as U.S. shale has become a swing producer. While in the long term, technological advancements may become a bigger point of differentiation benefiting large oilfield services companies such as Halliburton Co. and Schlumberger Ltd., it may take years before we see tangible results. The net result of the above Energy sector portfolio activity was an absolute reduction of exposure of roughly 150 basis points<sup>iv</sup> and a change from neutral to modest underweight relative to the Russell 1000 Value Index<sup>v</sup>.

In the Financials sector, State Street Corp. has seen deposit levels come under pressure, and yield curve movements presented challenges to spread income growth. MetLife Inc. and Capital One Financial Corp. have significant exposure to macroeconomic conditions, including lower interest rates and credit. In order to manage the overall cyclicality of the Portfolio, we exited these positions. We also trimmed financials holdings Wells Fargo & Co. and US Bancorp to manage overall cyclical exposure. Meanwhile, we added large insurance/reinsurance company Berkshire Hathaway, which offers a high-quality set of assets at a very attractive valuation, in our view. In addition, the company's \$100 billion of deployable cash should enable it to take advantage of opportunities that may arise in the event of an economic downturn; alternatively, we would expect the company to become more aggressive in repurchasing its own shares. The net result of the above Financials sector portfolio activity was a change from an overweight to an underweight in the sector relative to the Russell 1000 Value Index.

We also increased the Portfolio's Industrials sector exposure in absolute terms with additions to existing holdings United Technologies Corp., Deere & Co. and United Parcel Services Inc., and reduced the Portfolio's underweight to the Utilities sector with the initiation of Edison International, a higher-quality and higher-growth utility and a national leader in clean energy.

### Performance review

For the twelve months ended December 31, 2019, Class I shares of ClearBridge Variable Large Cap Value Portfolio<sup>1</sup> returned 28.88%. The Portfolio's unmanaged benchmark, the Russell 1000 Value Index returned 26.54%, for the same period. The Lipper Variable Large-Cap Value Funds Category Average<sup>vi</sup> returned 26.47% over the same time frame.

Performance Snapshot as of December 31, 2019 (unaudited)		
	6 months	12 months
ClearBridge Variable Large Cap Value Portfolio <sup>1</sup> :		
Class I	8.65%	28.88%
Russell 1000 Value Index	8.86%	26.54%
S&P 500 Index	10.92%	31.49%
Lipper Variable Large-Cap Value Funds Category Average	9.30%	26.47%

**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.**

**Portfolio return assumes 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.**

### Total Annual Operating Expenses (unaudited)

**As of the Portfolio's current prospectus dated April 29, 2019, the gross total annual fund operating expense ratio for Class I shares was 0.72%.**

**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 had positive returns in all eleven economic sectors it was invested in during the reporting period, with the greatest contributions to returns coming from the Financials, IT, Communication Services and Industrials sectors.

<sup>1</sup> 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.**

## Portfolio overview (cont'd)

Stock selection in the Materials, Communication Services, IT and Real Estate sectors contributed to relative performance for the period. Overweight allocations to the IT and Industrials sectors also added to relative performance.

On an individual stock basis, the leading contributors to performance included positions in JPMorgan Chase & Co., Microsoft Corp., Charter Communications Inc., Motorola Solutions Inc. and American Tower Corp.

### **Q. What were the leading detractors from performance?**

**A.** Relative to the benchmark, stock selection in the Health Care and Energy sectors detracted from the Portfolio's performance for the reporting period.

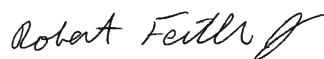
On an individual stock basis, the detractors from performance for the period included the Portfolio's holdings in Fox Corp., Halliburton Co., Enterprise Products Partners LP, State Street Corp. and Pfizer Inc.

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

**A.** Over the course of the year we added new positions in Apple Inc., Berkshire Hathaway Inc., Enterprise Products Partners LP, Edison International and Keurig Dr Pepper Inc. We closed positions in Halliburton Co., Capital One Financial Corp., MetLife Inc., State Street Corp., Schlumberger Ltd. and Xerox Corp. In addition, Disney's acquisition of certain assets of Fox Corp., a portfolio holding, closed during the quarter; we received cash for those assets and retained the spinoff Fox entity (mostly comprising Fox's sports and news assets) in the portfolio.

Thank you for your investment in ClearBridge Variable Large Cap Value 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,



Robert Feitler  
Portfolio Manager  
ClearBridge Investments, LLC



Dmitry Khaykin  
Portfolio Manager  
ClearBridge Investments, LLC

January 28, 2020

*RISKS: Investments in common stocks are subject to market and price fluctuations. Large capitalization companies may fall out of favor with investors based on market and economic conditions. In return for the relative stability and low volatility of large capitalization companies, the Portfolio's value may not rise as much as the value of funds that invest in companies with smaller market capitalizations. Investing in foreign securities is subject to certain risks not associated with domestic investing, such as currency fluctuations, and changes in social, political and economic conditions, which could increase volatility. These risks are magnified in emerging or developing markets. 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, 2019 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, 2019 were: JPMorgan Chase & Co. (5.1%), Comcast Corp. (3.4%), United Technologies Corp. (3.2%), Bank of America Corp. (3.1%), Microsoft Corp. (3.0%), Charter Communications Inc. (3.0%), Honeywell International Inc. (2.8%), American Tower Corp. (2.8%), Motorola Solutions Inc. (2.7%) and Merck & Co. Inc. (2.5%). Please refer to pages 11 through 14 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, 2019 were: Financials (22.6%), Health Care (14.5%), Industrials (12.2%), Information Technology (11.8%) and Communication Services (11.7%). 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.

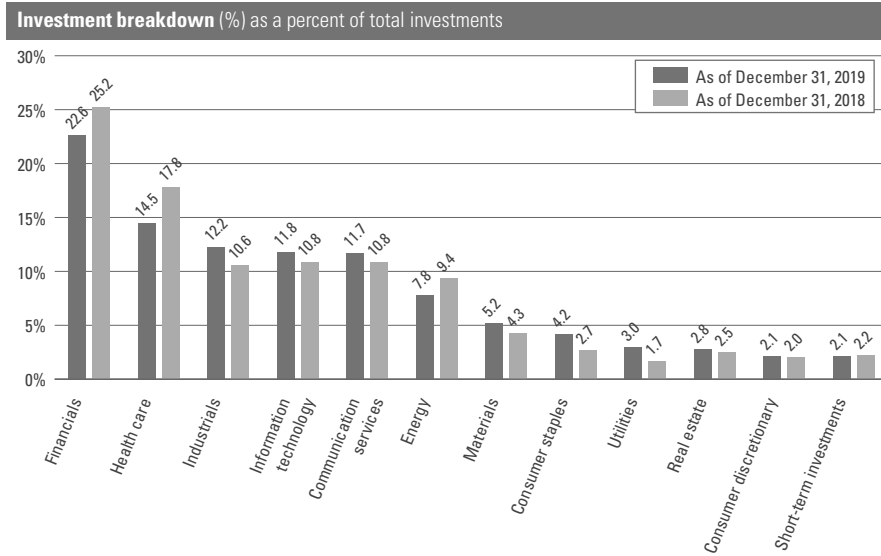
The information provided is not intended to be a forecast of future events, a guarantee of future results or investment advice. Views expressed may differ from those of the firm as a whole.

## Portfolio overview (cont'd)

- <sup>i</sup> The S&P 500 Index is an unmanaged index of 500 stocks and is generally representative of the performance of larger companies in the U.S.
- <sup>ii</sup> The Federal Reserve Board (the "Fed") is responsible for the formulation of U.S. policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.
- <sup>iii</sup> The yield curve is the graphical depiction of the relationship between the yield on bonds of the same credit quality but different maturities.
- <sup>iv</sup> A basis point is one-hundredth (1/100 or 0.01) of one percent.
- <sup>v</sup> 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. 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.
- <sup>vi</sup> Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the period ended December 31, 2019, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 113 funds for the six-month period and among the 113 funds for the twelve-month period in the Portfolio's Lipper category.



## Portfolio at a glance<sup>†</sup> (unaudited)



<sup>†</sup> The bar graph above represents the composition of the Portfolio's investments as of December 31, 2019 and December 31, 2018. 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 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, 2019 and held for the six months ended December 31, 2019.

### 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 <sup>1</sup>					
	Actual Total Return <sup>2</sup>	Beginning Account Value	Ending Account Value	Annualized Expense Ratio	Expenses Paid During the Period <sup>3</sup>
Class I	8.65%	\$1,000.00	\$1,086.50	0.71%	\$3.73

### 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 <sup>1</sup>					
	Hypothetical Annualized Total Return	Beginning Account Value	Ending Account Value	Annualized Expense Ratio	Expenses Paid During the Period <sup>3</sup>
Class I	5.00%	\$1,000.00	\$1,021.63	0.71%	\$3.62

<sup>1</sup> For the six months ended December 31, 2019.

<sup>2</sup> 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.

<sup>3</sup> Expenses (net of compensating balance arrangements, fee waivers and/or expense reimbursements) are equal to the class’ 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 returns <sup>1</sup>	
	Class I
Twelve Months Ended 12/31/19	28.88%
Five Years Ended 12/31/19	8.16
Ten Years Ended 12/31/19	11.35

Cumulative total returns <sup>1</sup>	
Class I (12/31/09 through 12/31/19)	192.98%

**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.**

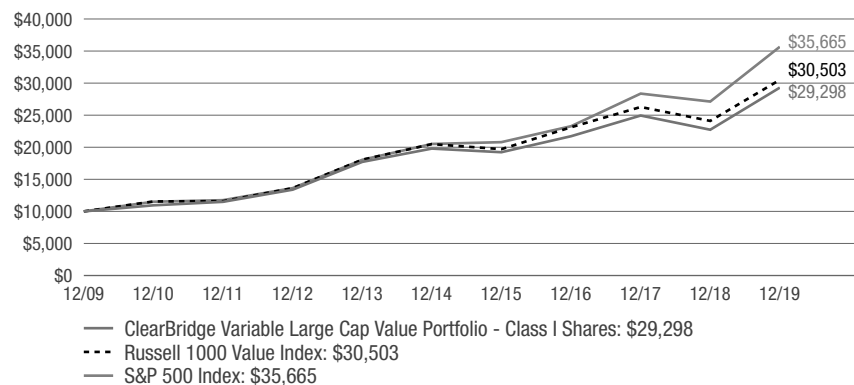
<sup>1</sup> Assumes the reinvestment of all distributions, including returns of capital, if any, at net asset value.

## Portfolio performance (unaudited) (cont'd)

### Historical performance

#### Value of \$10,000 invested in

Class I Shares of ClearBridge Variable Large Cap Value Portfolio vs. Russell 1000 Value Index and S&P 500 Index† — December 2009 - December 2019



**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 Large Cap Value Portfolio on December 31, 2009, assuming the reinvestment of all distributions, including returns of capital, if any, at net asset value through December 31, 2019. The hypothetical illustration also assumes a \$10,000 investment in the Russell 1000 Value Index and S&P 500 Index. The Russell 1000 Value Index measures the performance of those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values. The S&P 500 Index is an unmanaged index of 500 stocks and is generally representative of the performance of larger companies in the U.S. The indices are unmanaged and are not subject to the same management and trading expenses as a fund. Please note that an investor cannot invest directly in an index.

Prior to April 30, 2010, the Portfolio followed different investment strategies under the name "ClearBridge Variable Investors Portfolio".

# Schedule of investments

December 31, 2019

## ClearBridge Variable Large Cap Value Portfolio

Security	Shares	Value
<b>Common Stocks — 97.7%</b>		
<b>Communication Services — 11.7%</b>		
<i>Diversified Telecommunication Services — 2.0%</i>		
AT&T Inc.	144,791	\$ 5,658,432
<i>Media — 9.7%</i>		
Charter Communications Inc., Class A Shares	17,683	8,577,670 *
Comcast Corp., Class A Shares	221,720	9,970,748
DISH Network Corp., Class A Shares	170,435	6,045,330 *
Fox Corp., Class B Shares	96,572	3,515,221
<i>Total Media</i>		<i>28,108,969</i>
<b>Total Communication Services</b>		<b>33,767,401</b>
<b>Consumer Discretionary — 2.0%</b>		
<i>Specialty Retail — 2.0%</i>		
Home Depot Inc.	27,168	<b>5,932,948</b>
<b>Consumer Staples — 4.1%</b>		
<i>Beverages — 2.5%</i>		
Anheuser-Busch InBev SA/NV, ADR	55,943	4,589,563
Keurig Dr Pepper Inc.	98,163	2,841,819
<i>Total Beverages</i>		<i>7,431,382</i>
<i>Tobacco — 1.6%</i>		
Philip Morris International Inc.	53,820	4,579,544
<b>Total Consumer Staples</b>		<b>12,010,926</b>
<b>Energy — 7.8%</b>		
<i>Oil, Gas &amp; Consumable Fuels — 7.8%</i>		
Chevron Corp.	43,783	5,276,289
Enterprise Products Partners LP	152,130	4,283,981
Exxon Mobil Corp.	59,532	4,154,143
Royal Dutch Shell PLC, ADR, Class A Shares	57,954	3,418,127
Suncor Energy Inc.	164,396	5,392,189
<b>Total Energy</b>		<b>22,524,729</b>
<b>Financials — 22.6%</b>		
<i>Banks — 11.9%</i>		
Bank of America Corp.	255,761	9,007,902
JPMorgan Chase & Co.	106,146	14,796,752
US Bancorp	112,343	6,660,817
Wells Fargo & Co.	72,937	3,924,011
<i>Total Banks</i>		<i>34,389,482</i>
<i>Capital Markets — 2.2%</i>		
Bank of New York Mellon Corp.	57,719	2,904,997
Charles Schwab Corp.	74,550	3,545,598
<i>Total Capital Markets</i>		<i>6,450,595</i>

See Notes to Financial Statements.

## Schedule of investments (cont'd)

December 31, 2019

ClearBridge Variable Large Cap Value Portfolio		
Security	Shares	Value
<i>Consumer Finance — 2.5%</i>		
American Express Co.	57,608	\$ 7,171,620
<i>Diversified Financial Services — 1.6%</i>		
Berkshire Hathaway Inc., Class B Shares	20,000	4,530,000*
<i>Insurance — 4.4%</i>		
Marsh & McLennan Cos. Inc.	49,420	5,505,882
Progressive Corp.	45,592	3,300,405
Travelers Cos. Inc.	29,414	4,028,247
<i>Total Insurance</i>		12,834,534
<b>Total Financials</b>		<b>65,376,231</b>
<b>Health Care — 14.5%</b>		
<i>Biotechnology — 1.5%</i>		
Amgen Inc.	17,911	4,317,805
<i>Health Care Providers &amp; Services — 6.2%</i>		
AmerisourceBergen Corp.	36,960	3,142,339
Anthem Inc.	21,918	6,619,893
CVS Health Corp.	50,237	3,732,107
UnitedHealth Group Inc.	15,210	4,471,436
<i>Total Health Care Providers &amp; Services</i>		17,965,775
<i>Pharmaceuticals — 6.8%</i>		
Johnson & Johnson	39,534	5,766,825
Merck & Co. Inc.	80,801	7,348,851
Novartis AG, ADR	33,578	3,179,501
Pfizer Inc.	86,080	3,372,614
<i>Total Pharmaceuticals</i>		19,667,791
<b>Total Health Care</b>		<b>41,951,371</b>
<b>Industrials — 12.2%</b>		
<i>Aerospace &amp; Defense — 3.2%</i>		
United Technologies Corp.	61,304	9,180,887
<i>Air Freight &amp; Logistics — 2.2%</i>		
United Parcel Service Inc., Class B Shares	53,699	6,286,005
<i>Industrial Conglomerates — 2.8%</i>		
Honeywell International Inc.	46,310	8,196,870
<i>Machinery — 4.0%</i>		
Deere & Co.	33,230	5,757,430
Illinois Tool Works Inc.	33,194	5,962,638
<i>Total Machinery</i>		11,720,068
<b>Total Industrials</b>		<b>35,383,830</b>
<b>Information Technology — 11.8%</b>		
<i>Communications Equipment — 2.7%</i>		
Motorola Solutions Inc.	48,785	7,861,215

See Notes to Financial Statements.

### ClearBridge Variable Large Cap Value Portfolio

	Shares	Value	
<b>Security</b>			
<i>Electronic Equipment, Instruments &amp; Components — 2.5%</i>			
TE Connectivity Ltd.	75,032	\$ 7,191,067	
<i>Software — 4.9%</i>			
Microsoft Corp.	55,545	8,759,447	
Oracle Corp.	100,580	5,328,728	
<i>Total Software</i>		14,088,175	
<i>Technology Hardware, Storage &amp; Peripherals — 1.7%</i>			
Apple Inc.	17,400	5,109,510	
<b>Total Information Technology</b>		<b>34,249,967</b>	
<b>Materials — 5.2%</b>			
<i>Chemicals — 3.4%</i>			
Air Products & Chemicals Inc.	24,338	5,719,187	
PPG Industries Inc.	31,760	4,239,642	
<i>Total Chemicals</i>		9,958,829	
<i>Construction Materials — 1.8%</i>			
Martin Marietta Materials Inc.	18,244	5,101,752	
<b>Total Materials</b>		<b>15,060,581</b>	
<b>Real Estate — 2.8%</b>			
<i>Equity Real Estate Investment Trusts (REITs) — 2.8%</i>			
American Tower Corp.	34,697	7,974,064	
<b>Utilities — 3.0%</b>			
<i>Electric Utilities — 1.0%</i>			
Edison International	38,111	2,873,950	
<i>Multi-Utilities — 2.0%</i>			
Sempra Energy	38,189	5,784,870	
<b>Total Utilities</b>		<b>8,658,820</b>	
<b>Total Investments before Short-Term Investments (Cost — \$139,120,702)</b>		<b>282,890,868</b>	
	Rate		
<b>Short-Term Investments — 2.1%</b>			
JPMorgan 100% U.S. Treasury Securities Money Market Fund, Institutional Class	1.403%	4,852,629	4,852,629
Western Asset Premier Institutional U.S. Treasury Reserves, Premium Shares	1.485%	1,213,157	1,213,157 <sup>(a)</sup>
<b>Total Short-Term Investments (Cost — \$6,065,786)</b>			<b>6,065,786</b>
<b>Total Investments — 99.8% (Cost — \$145,186,488)</b>			<b>288,956,654</b>
Other Assets in Excess of Liabilities — 0.2%			662,164
<b>Total Net Assets — 100.0%</b>			<b>\$289,618,818</b>

See Notes to Financial Statements.

## Schedule of investments (cont'd)

December 31, 2019

### ClearBridge Variable Large Cap Value Portfolio

\* Non-income producing security.

<sup>(a)</sup> 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. At December 31, 2019, the total market value of investments in Affiliated Companies was \$1,213,157 and the cost was \$1,213,157 (Note 6).

#### **Abbreviation used in this schedule:**

ADR — American Depositary Receipts

See Notes to Financial Statements.



# Statement of assets and liabilities

December 31, 2019

## Assets:

Investments in unaffiliated securities, at value (Cost — \$143,973,331)	\$287,743,497
Investments in affiliated securities, at value (Cost — \$1,213,157)	1,213,157
Receivable for Portfolio shares sold	654,182
Dividends and interest receivable	392,765
Prepaid expenses	2,982
<b>Total Assets</b>	<b>290,006,583</b>

## Liabilities:

Payable for Portfolio shares repurchased	172,673
Investment management fee payable	157,600
Trustees' fees payable	2,966
Accrued expenses	54,526
<b>Total Liabilities</b>	<b>387,765</b>

**Total Net Assets** **\$289,618,818**

## Net Assets:

Par value (Note 5)	\$ 136
Paid-in capital in excess of par value	142,266,444
Total distributable earnings (loss)	147,352,238
<b>Total Net Assets</b>	<b>\$289,618,818</b>

## Shares Outstanding:

Class I	13,620,979
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## Net Asset Value:

Class I	\$21.26
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See Notes to Financial Statements.

## Statement of operations

For the Year Ended December 31, 2019

<b>Investment Income:</b>	
Dividends	\$ 6,496,066
Interest from unaffiliated investments	162,253
Interest from affiliated investments	1,001
Less: Foreign taxes withheld	(116,963)
<b>Total Investment Income</b>	<b>6,542,357</b>
<b>Expenses:</b>	
Investment management fee (Note 2)	1,793,634
Fund accounting fees	70,285
Audit and tax fees	32,880
Shareholder reports	23,229
Legal fees	19,654
Trustees' fees	19,622
Insurance	4,589
Custody fees	1,936
Transfer agent fees	1,936
Interest expense	25
Miscellaneous expenses	5,045
<b>Total Expenses</b>	<b>1,972,835</b>
Less: Fee waivers and/or expense reimbursements (Note 2)	(8)
<b>Net Expenses</b>	<b>1,972,827</b>
<b>Net Investment Income</b>	<b>4,569,530</b>
<b>Realized and Unrealized Gain on Investments (Notes 1 and 3):</b>	
<b>Net Realized Gain From Unaffiliated Investment Transactions</b>	<b>21,663,326</b>
<b>Change in Net Unrealized Appreciation (Depreciation) From Unaffiliated Investments</b>	<b>42,831,857</b>
<b>Net Gain on Investments</b>	<b>64,495,183</b>
<b>Increase in Net Assets From Operations</b>	<b>\$69,064,713</b>

See Notes to Financial Statements.

## Statements of changes in net assets

For the Years Ended December 31,	2019	2018
<b>Operations:</b>		
Net investment income	\$ 4,569,530	\$ 4,369,113
Net realized gain	21,663,326	17,820,048
Change in net unrealized appreciation (depreciation)	42,831,857	(46,819,772)
<b><i>Increase (Decrease) in Net Assets From Operations</i></b>	<b><i>69,064,713</i></b>	<b><i>(24,630,611)</i></b>
<b>Distributions to Shareholders From (Note 1):</b>		
Total distributable earnings	(21,994,426)	(22,588,299)
<b><i>Decrease in Net Assets From Distributions to Shareholders</i></b>	<b><i>(21,994,426)</i></b>	<b><i>(22,588,299)</i></b>
<b>Portfolio Share Transactions (Note 5):</b>		
Net proceeds from sale of shares	17,833,508	26,640,810
Reinvestment of distributions	21,994,426	22,588,299
Cost of shares repurchased	(48,792,299)	(61,517,359)
<b><i>Decrease in Net Assets From Portfolio Share Transactions</i></b>	<b><i>(8,964,365)</i></b>	<b><i>(12,288,250)</i></b>
<b><i>Increase (Decrease) in Net Assets</i></b>	<b><i>38,105,922</i></b>	<b><i>(59,507,160)</i></b>
<b>Net Assets:</b>		
Beginning of year	251,512,896	311,020,056
<b>End of year</b>	<b>\$289,618,818</b>	<b>\$251,512,896</b>

See Notes to Financial Statements.

## Financial highlights

<b>For a share of each class of beneficial interest outstanding throughout each year ended December 31:</b>					
Class I Shares <sup>1</sup>	2019	2018	2017	2016	2015
<b>Net asset value, beginning of year</b>	\$17.87	\$21.43	\$19.48	\$17.85	\$19.47
<b>Income (loss) from operations:</b>					
Net investment income	0.34	0.32	0.29	0.29	0.29
Net realized and unrealized gain (loss)	4.79	(2.15)	2.59	2.03	(0.84)
<b>Total income (loss) from operations</b>	<b>5.13</b>	<b>(1.83)</b>	<b>2.88</b>	<b>2.32</b>	<b>(0.55)</b>
<b>Less distributions from:</b>					
Net investment income	(0.37)	(0.33)	(0.30)	(0.29)	(0.29)
Net realized gains	(1.37)	(1.40)	(0.63)	(0.40)	(0.78)
<b>Total distributions</b>	<b>(1.74)</b>	<b>(1.73)</b>	<b>(0.93)</b>	<b>(0.69)</b>	<b>(1.07)</b>
<b>Net asset value, end of year</b>	<b>\$21.26</b>	<b>\$17.87</b>	<b>\$21.43</b>	<b>\$19.48</b>	<b>\$17.85</b>
<b>Total return<sup>2</sup></b>	<b>28.88%</b>	<b>(8.87)%</b>	<b>14.84%</b>	<b>13.00%</b>	<b>(2.87)%</b>
<b>Net assets, end of year (millions)</b>	<b>\$290</b>	<b>\$252</b>	<b>\$311</b>	<b>\$292</b>	<b>\$277</b>
<b>Ratios to average net assets:</b>					
Gross expenses	0.71%	0.72%	0.71%	0.72%	0.71%
Net expenses <sup>3</sup>	0.71 <sup>4</sup>	0.72	0.71	0.72	0.71
Net investment income	1.66	1.49	1.40	1.56	1.49
<b>Portfolio turnover rate</b>	<b>12%</b>	<b>11%</b>	<b>7%</b>	<b>7%</b>	<b>15%</b>

<sup>1</sup> Per share amounts have been calculated using the average shares method.

<sup>2</sup> 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.

<sup>3</sup> 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, 2021 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. Prior to August 3, 2015, the expense limitation was 1.00%.

<sup>4</sup> Reflects fee waivers and/or expense reimbursements.

See Notes to Financial Statements.

## Notes to financial statements

### 1. Organization and significant accounting policies

ClearBridge Variable Large Cap Value 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 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 Legg Mason North Atlantic Fund Valuation Committee (the "Valuation Committee"). The Valuation Committee, pursuant to the policies

## Notes to financial statements (cont'd)

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:

<b>ASSETS</b>				
Description	Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Common Stockst	\$282,890,868	—	—	\$282,890,868
Short-Term Investmentst	6,065,786	—	—	6,065,786
<b>Total Investments</b>	<b>\$288,956,654</b>	—	—	<b>\$288,956,654</b>

† See Schedule of Investments for additional detailed categorizations.

**(b) 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 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.

**(c) 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.

**(d) 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.

## Notes to financial statements (cont'd)

**(e) 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.

**(f) 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.

**(g) 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, 2019, 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.

**(h) 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 subadvisor. 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 wholly-owned subsidiaries of Legg Mason, Inc. ("Legg Mason").



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 \$350 million	0.650%
Next \$150 million	0.550
Next \$250 million	0.525
Next \$250 million	0.500
Over \$1 billion	0.450

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 cash and short-term instruments allocated to Western Asset. For their services, LMPFA pays ClearBridge and Western Asset monthly an aggregate fee equal to 70% of the net management fee it receives from the Portfolio.

As a result of an expense limitation arrangement 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 shares did not exceed 0.80%. This expense limitation arrangement cannot be terminated prior to December 31, 2021 without the Board of Trustees' consent. In addition, LMPFA 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, 2019, fees waived and/or expenses reimbursed amounted to \$8, 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 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 operating expenses exceeding the expense cap or any other lower limit then in effect.

Legg Mason Investor Services, LLC, a wholly-owned broker-dealer subsidiary of Legg Mason, serves as the Portfolio's sole and exclusive distributor.

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

## Notes to financial statements (cont'd)

### 3. Investments

During the year ended December 31, 2019, the aggregate cost of purchases and proceeds from sales of investments (excluding short-term investments) were as follows:

Purchases	\$30,929,320
Sales	58,445,433

At December 31, 2019, 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	\$145,250,426	\$144,374,129	\$(667,901)	\$143,706,228

### 4. Derivative instruments and hedging activities

During the year ended December 31, 2019, the Portfolio did not invest in derivative instruments.

### 5. Shares of beneficial interest

At December 31, 2019, 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 the Portfolio were as follows:

	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Class I</b>		
Shares sold	868,967	1,252,114
Shares issued on reinvestment	1,052,173	1,210,249
Shares repurchased	(2,372,875)	(2,902,481)
<b>Net decrease</b>	<b>(451,735)</b>	<b>(440,118)</b>

### 6. Transactions with affiliated companies

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. Based on the Portfolio's relative ownership, the following company was considered an affiliated company for all or some portion of the year ended December 31, 2019.

The following transactions were effected in shares of such company for the year ended December 31, 2019.

	Affiliate Value at December 31, 2018	Purchased		Sold	
		Cost	Shares	Cost	Shares
Western Asset Premier Institutional U.S. Treasury Reserves, Premium Shares	—	\$2,042,453	2,042,453	\$829,296	829,296
(cont'd)	Realized Gain (Loss)	Interest Income	Net Increase (Decrease) in Unrealized Appreciation (Depreciation)	Affiliate Value at December 31, 2019	
Western Asset Premier Institutional U.S. Treasury Reserves, Premium Shares	—	\$1,001	—	\$1,213,157	

## 7. Income tax information and distributions to shareholders

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

	2019	2018
<b>Distributions paid from:</b>		
Ordinary income	\$ 4,750,015	\$ 4,516,428
Net long-term capital gains	17,244,411	18,071,871
<b>Total distributions paid</b>	<b>\$21,994,426</b>	<b>\$22,588,299</b>

As of December 31, 2019, the components of distributable earnings (loss) on a tax basis were as follows:

Undistributed ordinary income — net	\$ 7,974
Undistributed long-term capital gains — net	3,685,597
Total undistributed earnings	\$ 3,693,571
Other book/tax temporary differences <sup>(a)</sup>	(47,561)
Unrealized appreciation (depreciation) <sup>(b)</sup>	143,706,228
<b>Total distributable earnings (loss) — net</b>	<b>\$147,352,238</b>

<sup>(a)</sup> Other book/tax temporary differences are attributable to the tax deferral of losses on straddles and book/tax differences in the timing of the deductibility of various expenses.

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

## 8. Recent accounting pronouncement

The Portfolio has adopted the disclosure provisions of the Financial Accounting Standards Board Accounting Standards Update No. 2018-13, *Fair Value Measurement (Topic 820)*—

## Notes to financial statements (cont'd)

*Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement* ("ASU 2018-13") which introduces new fair value disclosure requirements as well as eliminates and modifies certain existing fair value disclosure requirements. ASU 2018-13 would be effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years; however, management has elected to early adopt ASU 2018-13. The impact of the Portfolio's adoption was limited to changes in the Portfolio's financial statement disclosures regarding fair value, primarily those disclosures related to transfers between levels of the fair value hierarchy.

## Report of independent registered public accounting firm

### **To the Board of Trustees of Legg Mason Partners Variable Equity Trust and Shareholders of ClearBridge Variable Large Cap Value Portfolio**

#### **Opinion on the Financial Statements**

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of ClearBridge Variable Large Cap Value Portfolio (one of the funds constituting Legg Mason Partners Variable Equity Trust, referred to hereafter as the "Fund") as of December 31, 2019, the related statement of operations for the year ended December 31, 2019, the statement of changes in net assets for each of the two years in the period ended December 31, 2019, including the related notes, and the financial highlights for each of the three years in the period ended December 31, 2019 (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, 2019, 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, 2019 and the financial highlights for each of the three years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America.

The financial statements of the Fund as of and for the year ended December 31, 2016 and the financial highlights for each of the periods ended on or prior to December 31, 2016 (not presented herein, other than the financial highlights) were audited by other auditors whose report dated February 16, 2017 expressed an unqualified opinion on those financial statements and financial highlights.

#### **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, 2019 by correspondence with the custodian. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP

Baltimore, Maryland  
February 14, 2020

We have served as the auditor of one or more investment companies in Legg Mason investment company group since at least 1973. We have not been able to determine the specific year we began serving as auditor.

## Board approval of management and subadvisory agreements (unaudited)

At a meeting of the Trust's Board of Trustees, the Board considered the re-approval for an annual period of the management agreement of ClearBridge Variable Large Cap Value Portfolio (the "Fund"), pursuant to which Legg Mason Partners Fund Advisor, LLC (the "Manager") provides the Fund with investment advisory and administrative services, the sub-advisory agreement pursuant to which ClearBridge Investments, LLC ("ClearBridge") provides day-to-day management of the Fund's portfolio, and the sub-advisory agreement pursuant to which Western Asset Management Company, LLC ("Western Asset" and, together with ClearBridge, the "Sub-Advisers") provides day-to-day management of the Fund's cash and short-term instruments allocated to it by the Manager. (The management agreement and sub-advisory agreements are collectively referred to as the "Agreements.") The Manager and the Sub-Advisers are wholly-owned subsidiaries of Legg Mason, Inc. The Trustees who are not "interested persons" (as defined in the Investment Company Act of 1940, as amended (the "Independent Trustees")) of the Fund were assisted in their review by Fund counsel and independent legal counsel and met with independent legal counsel in executive sessions separate from representatives of the Manager and the Sub-Advisers. The Independent Trustees requested and received information from the Manager and the Sub-Advisers they deemed reasonably necessary for their review of the Agreements and the performance of the Manager and the Sub-Advisers. Included was information about the Manager, the Sub-Advisers and the Fund's distributor, as well as the management, sub-advisory and distribution arrangements and services provided to the Fund and other funds overseen by the Board. This information was initially reviewed by a special committee of the Independent Trustees and then by the full Board.

In voting to approve the Agreements, the Independent Trustees considered whether the approval of the Agreements would be in the best interests of the Fund and its shareholders, an evaluation based on several factors including those discussed below.

### **Nature, Extent and Quality of the Services provided to the Fund under the Management Agreement and Sub-Advisory Agreements**

The Board received and considered information regarding the nature, extent and quality of services provided to the Fund by the Manager and the Sub-Advisers under the Management Agreement and Sub-Advisory Agreements, respectively, during the past year. The Trustees also considered the Manager's supervisory activities over the Sub-Advisers. In addition, the Independent Trustees received and considered other information regarding the administrative and other services rendered to the Fund and its shareholders by the Manager. The Board noted information received at regular meetings throughout the year related to the services rendered by the Manager in its management of the Fund's affairs and the Manager's role in coordinating the activities of the Sub-Advisers and the Fund's other service providers. The Board's evaluation of the services provided by the Manager and the Sub-Advisers took into account the Board's knowledge and familiarity gained as Trustees of funds in the Legg Mason fund complex, including the scope and quality of the investment

management and other capabilities of the Manager and the Sub-Advisers and the quality of the Manager's administrative and other services. The Board observed that the scope of services provided by the Manager had expanded over time as a result of regulatory and other developments, including maintaining and monitoring its own and the Fund's compliance programs. The Board reviewed information received from the Manager and the Fund's Chief Compliance Officer regarding the Fund's compliance policies and procedures established pursuant to Rule 38a-1 under the Investment Company Act of 1940, as amended.

The Board reviewed the qualifications, backgrounds and responsibilities of the Fund's senior personnel and the portfolio management team primarily responsible for the day-to-day portfolio management of the Fund. The Board considered the services provided to the Legg Mason fund complex and the Manager's commitment to continue to provide effective and efficient investment management and shareholder services. The Board also considered, based on its knowledge of the Manager and the Manager's affiliates, the financial resources available to the Manager's parent organization, Legg Mason, Inc.

The Board considered the division of responsibilities among the Manager and the Sub-Advisers and the oversight provided by the Manager. The Board also considered the Manager's and ClearBridge's brokerage policies and practices, the standards applied in seeking best execution, their policies and practices regarding soft dollars, and the existence of quality controls applicable to brokerage allocation procedures. In addition, management also reported to the Board on, among other things, its business plans, recent organizational changes, portfolio manager compensation plan and policy regarding portfolio managers' ownership of fund shares.

The Board concluded that, overall, it was satisfied with the nature, extent and quality of services provided (and expected to be provided) under the respective Agreement by the Manager and the Sub-Advisers.

### **Fund Performance**

The Board received and reviewed performance information for the Fund and for all large-cap value funds underlying variable insurance products (the "Performance Universe") selected by Broadridge Financial Solutions Inc. ("Broadridge"), an independent provider of investment company data. The Board was provided with a description of the methodology Broadridge used to determine the similarity of the Fund with the funds included in the Performance Universe. The Trustees noted that they also had received and discussed with management at periodic intervals information on the investment performance of the Fund in comparison to similar mutual funds and benchmark performance indices. The information comparing the Fund's performance to that of the Performance Universe was for the one-, three-, five- and ten-year periods ended June 30, 2019. The Fund performed better than the median performance of the funds in the Performance Universe for each period and was ranked in the first quintile of the funds in the Performance Universe for the one-year period.

## Board approval of management and subadvisory agreements (unaudited) (cont'd)

The Board reviewed performance information provided by the Manager for periods ended September 30, 2019, which showed that the Fund's performance was below the Broadridge category average during the third quarter. The Board also reviewed information prepared by Broadridge comparing the Fund's annualized total return for the three-year period ended June 30, 2019 in relation to the Fund's standard deviation to that of the funds in the Performance Universe. The Trustees noted that the Manager and ClearBridge were committed to providing the resources necessary to assist the Fund's portfolio managers. Based on its review, the Board was satisfied with the Fund's performance. The Board determined to continue to evaluate the Fund's performance and directed the Independent Trustees' performance committee to continue to periodically review Fund performance with the Manager and report to the full Board during periods between Board meetings.

### **Management Fees and Expense Ratios**

The Board reviewed and considered the contractual management fee rate (the "Contractual Management Fee") payable by the Fund to the Manager in light of the nature, extent and quality of the management and sub-advisory services provided by the Manager and the Sub-Advisers, respectively. The Board noted that the Manager, and not the Fund, pays the sub-advisory fees to the Sub-Advisers and, accordingly, that the retention of the Sub-Advisers does not increase the fees and expenses incurred by the Fund. In addition, the Board also reviewed and considered the actual management fee rate (the "Actual Management Fee") paid by the Fund over the Fund's last fiscal year.

The Board also reviewed information regarding the fees the Manager and ClearBridge charged any of their U.S. clients investing primarily in an asset class similar to that of the Fund including, where applicable, institutional separate and commingled accounts and retail managed accounts. The Manager reviewed with the Board the significant differences in the scope of services provided to the Fund and to such other clients, noting that the Fund is provided with regulatory compliance and administrative services, office facilities and Fund officers (including the Fund's chief financial, chief legal and chief compliance officers), and that the Manager coordinates and oversees the provision of services to the Fund by other fund service providers, including the Sub-Advisers. The Board considered the fee comparisons in light of the scope of services required to manage these different types of accounts.

The Board received an analysis of complex-wide management fees provided by the Manager, which, among other things, set out a framework of fees based on asset classes. Management also discussed with the Board the Fund's distribution arrangements, including how amounts received by the Fund's distributor are expended, and the fees received and expenses incurred in connection with such arrangements by affiliates of the Manager.

Additionally, the Board received and considered information comparing the Fund's Contractual Management Fee and Actual Management Fee and the Fund's overall expense ratio



with those of a group of 12 large-cap value funds underlying variable insurance products selected by Broadridge as comparable to the Fund (the "Expense Group"), and a broader group of funds selected by Broadridge consisting of all large-cap value funds underlying variable insurance products (the "Expense Universe"). This information showed that the Fund's Contractual Management Fee was lower than the median of management fees and that the Fund's Actual Management Fee was at the median of management fees paid by the funds in the Expense Group and slightly lower than the median of management fees paid by the funds in the Expense Universe. This information also showed that the Fund's total expense ratio was slightly higher than the median of the total expense ratios of the funds in the Expense Group and the funds in the Expense Universe.

### **Manager Profitability**

The Board received and considered a profitability analysis of the Manager and its affiliates in providing services to the Fund. The Board also received profitability information with respect to the Legg Mason fund complex as a whole. In addition, the Board received information with respect to the Manager's allocation methodologies used in preparing this profitability data as well as a report from an outside consultant that had reviewed the Manager's methodology. The Board noted the profitability percentage ranges determined by appropriate court cases to be reasonable given the services rendered to investment companies. The Board determined that the Manager's profitability was not excessive in light of the nature, extent and quality of the services provided to the Fund.

### **Economies of Scale**

The Board received and considered information regarding whether there have been economies of scale with respect to the management of the Fund as the Fund's assets grow, whether the Fund has appropriately benefited from any economies of scale, and whether there is potential for realization of any further economies of scale. The Board considered whether economies of scale in the provision of services to the Fund were being passed along to the shareholders.

The Board noted that the Manager instituted breakpoints in the Fund's Contractual Management Fee, reflecting the potential for reducing the Contractual Management Fee as the Fund's assets grow. The Board noted that the Fund's assets were below the specified asset level at which one or more breakpoints to its Contractual Management Fee are triggered. The Board noted, however, that the Contractual Management Fee increases the potential for sharing economies of scale with shareholders to the extent the Fund's assets grow than if no breakpoints were in place. The Board also noted that to the extent the Fund's assets increase over time, the Fund and its shareholders should realize other economies of scale as certain expenses, such as fixed fund fees, become a smaller percentage of overall assets. The Board noted that it appeared that the benefits of any economies of scale also

## Board approval of management and subadvisory agreements (unaudited) (cont'd)

would be appropriately shared with shareholders through increased investment in fund management and administration resources.

Taking all of the above into consideration, the Board determined that the management fee was reasonable in light of the comparative performance and expense information and the nature, extent and quality of the services provided to the Fund under the Agreements.

### **Other Benefits to the Manager**

The Board considered other benefits received by the Manager and its affiliates, including the Sub-Advisers, as a result of the Manager's relationship with the Fund, including the opportunity to offer additional products and services such as 529 College Savings Plans and retail managed accounts.

In light of the costs of providing investment management and other services to the Fund and the Manager's ongoing commitment to the Fund, the profits and other ancillary benefits that the Manager and its affiliates received were considered reasonable.

Based on their discussions and considerations, including those described above, the Trustees approved the Management Agreement and the Sub-Advisory Agreements to continue for another year.

No single factor reviewed by the Board was identified by the Board as the principal factor in determining whether to approve the Management Agreement and the Sub-Advisory Agreements.

## Additional information (unaudited)

### Information about Trustees and Officers

The business and affairs of ClearBridge Variable Large Cap Value 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.

The Statement of Additional Information includes additional information about Trustees and is available, without charge, upon request by calling the Portfolio at 1-877-721-1926.

#### Independent Trustees<sup>†</sup>

##### Paul R. Ades

Year of birth	1940
Position(s) with Trust	Trustee
Term of office <sup>1</sup> and length of time served <sup>2</sup>	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	44
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 <sup>1</sup> and length of time served <sup>2</sup>	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	44
Other board memberships held by Trustee during the past five years	None

##### Dwight B. Crane

Year of birth	1937
Position(s) with Trust	Trustee
Term of office <sup>1</sup> and length of time served <sup>2</sup>	Since 1981
Principal occupation(s) during the past five years	Professor Emeritus, Harvard Business School (since 2007); formerly, Professor, Harvard Business School (1969 to 2007); Independent Consultant (since 1969)
Number of funds in fund complex overseen by Trustee	44
Other board memberships held by Trustee during the past five years	None

## Additional information (unaudited) (cont'd)

### Information about Trustees and Officers

#### Independent Trustees<sup>†</sup> (cont'd)

##### Althea L. Duersten

Year of birth	1951
Position(s) with Trust	Trustee
Term of office <sup>1</sup> and length of time served <sup>2</sup>	Since 2014
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	44
Other board memberships held by Trustee during the past five years	Non-Executive Director, Rokos Capital Management LLP (since 2019)

##### Stephen R. Gross\*

Year of birth	1947
Position(s) with Trust	Trustee
Term of office <sup>1</sup> and length of time served <sup>2</sup>	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	44
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 <sup>1</sup> and length of time served <sup>2</sup>	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	44
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)

**Independent Trustees<sup>†</sup> (cont'd)****Frank G. Hubbard**

Year of birth	1937
Position(s) with Trust	Trustee
Term of office <sup>1</sup> and length of time served <sup>2</sup>	Since 1993
Principal occupation(s) during the past five years	President, Fealds, Inc. (business development) (since 2016); formerly, President, Avatar International Inc. (business development) (1998 to 2015)
Number of funds in fund complex overseen by Trustee	44
Other board memberships held by Trustee during the past five years	None

**Howard J. Johnson**

Year of birth	1938
Position(s) with Trust	Trustee and Chairman
Term of office <sup>1</sup> and length of time served <sup>2</sup>	From 1981 to 1998 and since 2000 (Chairman since 2013)
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	44
Other board memberships held by Trustee during the past five years	None

**Jerome H. Miller**

Year of birth	1938
Position(s) with Trust	Trustee
Term of office <sup>1</sup> and length of time served <sup>2</sup>	Since 1995
Principal occupation(s) during the past five years	Retired; formerly, 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	44
Other board memberships held by Trustee during the past five years	None

**Ken Miller**

Year of birth	1942
Position(s) with Trust	Trustee
Term of office <sup>1</sup> and length of time served <sup>2</sup>	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	44
Other board memberships held by Trustee during the past five years	None

## Additional information (unaudited) (cont'd)

### Information about Trustees and Officers

#### Independent Trustees<sup>†</sup> (cont'd)

##### Thomas F. Schlafly

Year of birth	1948
Position(s) with Trust	Trustee
Term of office <sup>1</sup> and length of time served <sup>2</sup>	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	44
Other board memberships held by Trustee during the past five years	Director, Citizens National Bank of Greater St. Louis (since 2006)

#### Interested Trustee and Officer

##### Jane Trust, CFA<sup>3</sup>

Year of birth	1962
Position(s) with Trust	Trustee, President and Chief Executive Officer
Term of office <sup>1</sup> and length of time served <sup>2</sup>	Since 2015
Principal occupation(s) during the past five years	Senior Managing Director of Legg Mason & Co., LLC ("Legg Mason & Co.") (since 2018); Managing Director of Legg Mason & Co. (2016 to 2018); Officer and/or Trustee/Director of 145 funds associated with Legg Mason Partners Fund Advisor, LLC ("LMPFA") or its affiliates (since 2015); President and Chief Executive Officer of LMPFA (since 2015); formerly, Senior Vice President of LMPFA (2015); Director of ClearBridge, LLC (formerly, Legg Mason Capital Management, LLC) (2007 to 2014); Managing Director of Legg Mason Investment Counsel & Trust Co. (2000 to 2007)
Number of funds in fund complex overseen by Trustee	142
Other board memberships held by Trustee during the past five years	None

#### Additional Officers

##### Ted P. Becker

Legg Mason 620 Eighth Avenue, 49th Floor, New York, NY 10018	
Year of birth	1951
Position(s) with Trust	Chief Compliance Officer
Term of office <sup>1</sup> and length of time served <sup>2</sup>	Since 2007
Principal occupation(s) during the past five years	Director of Global Compliance at Legg Mason, Inc. (since 2006); Chief Compliance Officer of LMPFA (since 2006); Managing Director of Compliance of Legg Mason & Co. (since 2005); Chief Compliance Officer of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2006)

**Additional Officers (cont'd)****Susan Kerr**

Legg Mason  
620 Eighth Avenue, 49th Floor, New York, NY 10018

Year of birth	1949
Position(s) with Trust	Chief Anti-Money Laundering Compliance Officer
Term of office <sup>1</sup> and length of time served <sup>2</sup>	Since 2013
Principal occupation(s) during the past five years	Assistant Vice President of Legg Mason & Co. and Legg Mason Investor Services, LLC ("LMIS") (since 2010); Chief Anti-Money Laundering Compliance Officer of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2013) and Anti-Money Laundering Compliance Officer of LMIS (since 2012); Senior Compliance Officer of LMIS (since 2011); formerly, AML Consultant, DTCC (2010); AML Consultant, Rabobank Netherlands, (2009); First Vice President, Director of Marketing & Advertising Compliance and Manager of Communications Review Group at Citigroup Inc. (1996 to 2008)

**Jenna Bailey**

Legg Mason  
100 First Stamford Place, 5th Floor, Stamford, CT 06902

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

**Robert I. Frenkel**

Legg Mason  
100 First Stamford Place, 6th Floor, Stamford, CT 06902

Year of birth	1954
Position(s) with Trust	Secretary and Chief Legal Officer
Term of office <sup>1</sup> and length of time served <sup>2</sup>	Since 2007
Principal occupation(s) during the past five years	Vice President and Deputy General Counsel of Legg Mason, Inc. (since 2006); Managing Director and General Counsel — U.S. Mutual Funds for Legg Mason & Co. (since 2006) and Legg Mason & Co. predecessors (since 1994); Secretary and Chief Legal Officer of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2006) and Legg Mason & Co. predecessors (prior to 2006)

## Additional information (unaudited) (cont'd)

### Information about Trustees and Officers

#### Additional Officers (cont'd)

##### Thomas C. Mandia

Legg Mason  
100 First Stamford Place, 6th Floor, Stamford, CT 06902

Year of birth	1962
Position(s) with Trust	Assistant Secretary
Term of office <sup>1</sup> and length of time served <sup>2</sup>	Since 2007
Principal occupation(s) during the past five years	Managing Director and Deputy General Counsel of Legg Mason & Co. (since 2005) and Legg Mason & Co. predecessors (prior to 2005); Secretary of LMPFA (since 2006); Assistant Secretary of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2006) and Legg Mason & Co. predecessors (prior to 2006); Secretary of LM Asset Services, LLC ("LMAS") (since 2002) and Legg Mason Fund Asset Management, Inc. ("LMFAM") (since 2013) (formerly registered investment advisers)

##### Christopher Berarducci\*\*

Legg Mason  
620 Eighth Avenue, 49th Floor, New York, NY 10018

Year of birth	1974
Position(s) with Trust	Treasurer and Principal Financial Officer
Term of office <sup>1</sup> and length of time served <sup>2</sup>	Since 2014 and 2019
Principal occupation(s) during the past five years	Treasurer (since 2010) and Principal Financial Officer (since 2019) of certain mutual funds associated with Legg Mason & Co. or its affiliates; Director of Legg Mason & Co. (since 2015); formerly, Vice President of Legg Mason & Co. (2011 to 2015); Assistant Controller of certain mutual funds associated with Legg Mason & Co. or its affiliates (prior to 2010)

##### Jeanne M. Kelly

Legg Mason  
620 Eighth Avenue, 49th Floor, New York, NY 10018

Year of birth	1951
Position(s) with Trust	Senior Vice President
Term of office <sup>1</sup> and length of time served <sup>2</sup>	Since 2007
Principal occupation(s) during the past five years	Senior Vice President of certain mutual 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); Managing Director of Legg Mason & Co. (since 2005) and Legg Mason & Co. predecessors (prior to 2005); formerly, 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 February 6, 2019, Mr. Gross and Ms. Heilbron became Trustees.

\*\* Effective September 27, 2019, Mr. Berarducci became Treasurer and Principal Financial Officer.



- <sup>1</sup> 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.
- <sup>2</sup> 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.
- <sup>3</sup> 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)

The following information is provided with respect to the distributions paid during the taxable year ended December 31, 2019:

Record Date:	6/19/2019	12/12/2019
Payable Date:	6/20/2019	12/13/2019
Ordinary Income:		
Dividends Qualifying for the Dividends Received Deduction for Corporations	100.00%	100.00%
Long-Term Capital Gain Dividend	—	\$1.365070

# ClearBridge

## Variable Large Cap Value Portfolio

### Trustees

Paul R. Ades  
Andrew L. Breech  
Dwight B. Crane  
Althea L. Duersten  
Stephen R. Gross\*  
Susan M. Heilbron\*  
Frank G. Hubbard  
Howard J. Johnson  
*Chairman*  
Jerome H. Miller  
Ken Miller  
Thomas F. Schlafly  
Jane Trust

### Investment manager

Legg Mason Partners Fund Advisor, LLC

### Subadviser

ClearBridge Investments, LLC

### Distributor

Legg Mason Investor Services, LLC

### Custodian

The Bank of New York Mellon

### Transfer agent

BNY Mellon Investment  
Servicing (US) Inc.  
4400 Computer Drive  
Westborough, MA 01581

### Independent registered public accounting firm

PricewaterhouseCoopers LLP  
Baltimore, MD

\* Effective February 6, 2019, Mr. Gross and Ms. Heilbron became Trustees.

### ClearBridge Variable Large Cap Value Portfolio

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

ClearBridge Variable Large Cap Value Portfolio

Legg Mason Funds  
620 Eighth Avenue, 49th 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](http://www.sec.gov). To obtain information on Form N-PORT, shareholders can call the Portfolio at 1-877-721-1926.

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 1-877-721-1926, (2) at [www.leggmason.com/variablefunds](http://www.leggmason.com/variablefunds) and (3) on the SEC's website at [www.sec.gov](http://www.sec.gov).

This report is submitted for the general information of the shareholders of ClearBridge Variable Large Cap Value 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.leggmason.com](http://www.leggmason.com)

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Member FINRA, SIPC

## 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, Legg Mason Investor Services, 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.

**NOT PART OF THE ANNUAL REPORT**

## 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.leggmason.com](http://www.leggmason.com), or contact the Funds at 1-877-721-1926.

Revised April 2018

**NOT PART OF THE ANNUAL REPORT**

[www.leggmason.com](http://www.leggmason.com)

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**FD04114 2/20 SR20-3804**



**Variable Product Funds**

70100 Ameriprise Financial Center  
Minneapolis, MN 55474

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