ClearBridge Investments

Semi-Annual Report | June 30, 2023

CLEARBRIDGE VARIABLE SMALL CAP GROWTH PORTFOLIO

The Securities and Exchange Commission has adopted new regulations that will result in changes to the design and delivery of annual and semi-annual shareholder reports beginning in July 2024.

If you have previously elected to receive shareholder reports electronically, you will continue to do so and need not take any action.

Otherwise, paper copies of the Fund's shareholder reports will be mailed to you beginning in July 2024. If you would like to receive shareholder reports and other communications from the Fund electronically instead of by mail, you may make that request at any time by contacting your insurance company or your financial intermediary (such as a broker-dealer or bank).

FRANKLIN TEMPLETON

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

Portfolio objective

The Portfolio seeks long-term growth of capital.

Letter from the president

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Dear Shareholder,

We are pleased to provide the semi-annual report of ClearBridge Variable Small Cap Growth Portfolio for the six-month reporting period ended June 30, 2023. Please read on for Portfolio performance information during the Portfolio's reporting period.

Special shareholder notice

Effective December 31, 2023, Jeffrey Bailin, CFA will join the Portfolio's management team. It is anticipated that Jeffrey J. Russell, CFA will retire and step down as a member of the Portfolio's management team effective December 31, 2023.

As always, we remain committed to providing you with excellent service and a full spectrum of investment choices. We also remain committed to supplementing the support you receive from your financial advisor. One way we accomplish this is through our website, www.franklintempleton.com. Here you can gain immediate access to market and investment information, including:

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

We look forward to helping you meet your financial goals.

Sincerely,

Jane Trust, CFA
President and Chief Executive Officer

July 31, 2023

Performance review

For the six months ended June 30, 2023, Class I shares of ClearBridge Variable Small Cap Growth Portfolio[1] returned 7.61%. The Portfolio's unmanaged benchmark, the Russell 2000 Growth Index[i], returned 13.55% for the same period.

Performance Snapshot as of June 30, 2023 (unaudited)	6 months
ClearBridge Variable Small Cap Growth Portfolio:	
Class I	7.61%
Class II	7.48%
Russell 2000 Growth Index	13.55%

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

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

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

Total Annual Operating Expenses (unaudited)

As of the Portfolio's current prospectus dated May 1, 2023, the gross total annual fund operating expense ratios for Class I and Class II shares were 0.80% and 1.05%, respectively.

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

As always, thank you for your confidence in our stewardship of your assets.

Sincerely,

Jane Trust, CFA
President and Chief Executive Officer

July 31, 2023

1 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.**

Performance review (cont'd)

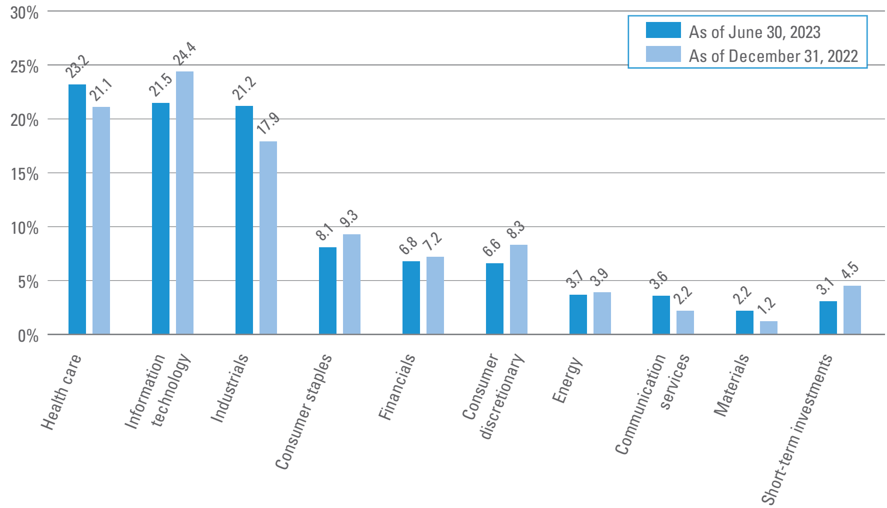
RISKS: Equity securities are subject to price and market fluctuations. Investments in small capitalization companies may involve a higher degree of risk and volatility than investments in larger, more established companies. Investments in foreign securities are subject to certain risks of overseas investing, including currency fluctuations and changes in social, political and economic conditions, which could result in significant market fluctuations. These risks are magnified in emerging markets. Emerging market countries tend to have economic, political and legal systems that are less developed and are less stable than those of more developed countries. The Portfolio may use derivatives, such as options and futures, which can be illiquid, may disproportionately increase losses, and have a potentially large impact on Portfolio performance. The market values of securities or other assets will fluctuate, sometimes sharply and unpredictably, due to changes in general market conditions, overall economic trends or events, governmental actions or intervention, actions taken by the U.S. Federal Reserve or foreign central banks, market disruptions caused by trade disputes or other factors, political developments, armed conflicts, economic sanctions and countermeasures in response to sanctions, major cybersecurity events, investor sentiment, the global and domestic effects of a pandemic, and other factors that may or may not be related to the issuer of the security or other asset. Please see the Portfolio's prospectus for a more complete discussion of these and other risks and the Portfolio's investment strategies.

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.

[i] The Russell 2000 Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 Index companies with higher price-to-book ratios and higher forecasted growth values. (A price-to-book ratio is the price of a stock compared to the difference between a company's assets and liabilities). The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. 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.

Portfolio at a glance† (unaudited)

Investment breakdown (%) as a percent of total investments



† The bar graph above represents the composition of the Portfolio's investments as of June 30, 2023 and December 31, 2022. The Portfolio is actively managed. As a result, the composition of the Portfolio's investments is subject to change at any time.

Portfolio expenses (unaudited)

Example

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

This example is based on an investment of $1,000 invested on January 1, 2023 and held for the six months ended June 30, 2023.

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".

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 actual total return[1]

	Actual Total Return[2]	Beginning Account Value	Ending Account Value	Annualized Expense Ratio	Expenses Paid During the Period[3]
Class I	7.61%	$1,000.00	$1,076.10	0.80%	$4.12
Class II	7.48	1,000.00	1,074.80	1.05	5.40

Based on hypothetical total return[1]

	Hypothetical Annualized Total Return	Beginning Account Value	Ending Account Value	Annualized Expense Ratio	Expenses Paid During the Period[3]
Class I	5.00%	$1,000.00	$1,020.83	0.80%	$4.01
Class II	5.00	1,000.00	1,019.59	1.05	5.26

[1] For the six months ended June 30, 2023.

[2] Assumes the reinvestment of all distributions, including returns of capital, if any, at net asset value. Total return is not annualized, as it may not be representative of the total return for the year. Total returns do not reflect expenses associated with separate accounts such as administrative fees, account charges and surrender charges, which, if reflected, would reduce the total returns. Performance figures may reflect compensating balance arrangements, fee waivers and/or expense reimbursements. In the absence of compensating balance arrangements, fee waivers and/or expense reimbursements, the total return would have been lower. Past performance is no guarantee of future results.

[3] Expenses (net of compensating balance arrangements, fee waivers and/or expense reimbursements) are equal to each class' respective annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year (181), then divided by 365.

Schedule of investments (unaudited)

June 30, 2023

ClearBridge Variable Small Cap Growth Portfolio

(Percentages shown based on Portfolio net assets)

Security	Shares	Value	
Common Stocks — 96.5%			
Communication Services — 3.6%			
Diversified Telecommunication Services — 2.3%			
Iridium Communications Inc.	155,804	$ *9,678,544*	
Media — 1.3%			
Integral Ad Science Holding Corp.	159,100	2,860,618	*
Klaviyo Inc.	69,558	2,391,691	*(a)(b)(c)
Total Media		*5,252,309*	
Total Communication Services		**14,930,853**	
Consumer Discretionary — 6.6%			
Automobile Components — 2.6%			
Fox Factory Holding Corp.	101,139	*10,974,593*	*
Hotels, Restaurants & Leisure — 2.5%			
Dutch Bros Inc., Class A Shares	63,305	1,801,027	*
Wingstop Inc.	41,741	8,354,879	
Total Hotels, Restaurants & Leisure		*10,155,906*	
Specialty Retail — 1.5%			
National Vision Holdings Inc.	261,742	*6,357,713*	*
Total Consumer Discretionary		**27,488,212**	
Consumer Staples — 8.0%			
Consumer Staples Distribution & Retail — 7.7%			
BJ's Wholesale Club Holdings Inc.	194,583	12,260,675	*
Casey's General Stores Inc.	42,473	10,358,315	
Grocery Outlet Holding Corp.	175,786	5,380,809	*
Performance Food Group Co.	72,266	4,353,304	*
Total Consumer Staples Distribution & Retail		*32,353,103*	
Food Products — 0.3%			
Calavo Growers Inc.	46,600	*1,352,332*	
Total Consumer Staples		**33,705,435**	
Energy — 3.7%			
Energy Equipment & Services — 3.1%			
Cactus Inc., Class A Shares	150,180	6,355,618	
ChampionX Corp.	213,848	6,637,842	
Total Energy Equipment & Services		*12,993,460*	
Oil, Gas & Consumable Fuels — 0.6%			
Matador Resources Co.	48,300	*2,527,056*	
Total Energy		**15,520,516**	

See Notes to Financial Statements.

ClearBridge Variable Small Cap Growth Portfolio

(Percentages shown based on Portfolio net assets)

Security	Shares	Value	
Financials — 6.8%			
Capital Markets — 3.1%			
Hamilton Lane Inc., Class A Shares	92,003	$ 7,358,400	
PJT Partners Inc., Class A Shares	79,101	5,508,593	
Total Capital Markets		*12,866,993*	
Financial Services — 1.9%			
Shift4 Payments Inc., Class A Shares	115,225	*7,824,930*	*
Insurance — 1.8%			
American Equity Investment Life Holding Co.	125,459	6,537,668	
Trupanion Inc.	64,239	1,264,224	*
Total Insurance		*7,801,892*	
Total Financials		**28,493,815**	
Health Care — 23.1%			
Biotechnology — 0.7%			
Biohaven Ltd.	30,749	735,516	*
Ultragenyx Pharmaceutical Inc.	50,321	2,321,308	*
Total Biotechnology		*3,056,824*	
Health Care Equipment & Supplies — 8.3%			
Insulet Corp.	7,976	2,299,800	*
Integra LifeSciences Holdings Corp.	152,075	6,254,845	*
Omnicell Inc.	56,136	4,135,539	*
Penumbra Inc.	45,744	15,738,681	*
Silk Road Medical Inc.	129,811	4,217,559	*
STAAR Surgical Co.	40,839	2,146,906	*
Total Health Care Equipment & Supplies		*34,793,330*	
Health Care Providers & Services — 5.7%			
HealthEquity Inc.	69,787	4,406,351	*
Progyny Inc.	197,347	7,763,631	*
Surgery Partners Inc.	261,198	11,751,298	*
Total Health Care Providers & Services		*23,921,280*	
Health Care Technology — 1.8%			
Certara Inc.	308,400	5,615,964	*
Definitive Healthcare Corp.	170,700	1,877,700	*
Total Health Care Technology		*7,493,664*	
Life Sciences Tools & Services — 4.7%			
Azenta Inc.	70,583	3,294,814	*
CryoPort Inc.	89,325	1,540,856	*
ICON PLC, ADR	33,755	8,445,501	*
Olink Holding AB, ADR	108,710	2,038,313	*
Syneos Health Inc.	96,519	4,067,311	*
Total Life Sciences Tools & Services		*19,386,795*	

See Notes to Financial Statements.

ClearBridge Variable Small Cap Growth Portfolio

(Percentages shown based on Portfolio net assets)

Security	Shares	Value
Pharmaceuticals — 1.9%		
Intra-Cellular Therapies Inc.	72,648	$ 4,600,071 *
Pacira BioSciences Inc.	85,252	3,416,048 *
Total Pharmaceuticals		*8,016,119*
Total Health Care		**96,668,012**
Industrials — 21.2%		
Aerospace & Defense — 0.4%		
BWX Technologies Inc.	25,300	*1,810,721*
Air Freight & Logistics — 3.6%		
Forward Air Corp.	73,912	7,842,802
GXO Logistics Inc.	113,485	7,129,128 *
Total Air Freight & Logistics		*14,971,930*
Building Products — 5.1%		
Hayward Holdings Inc.	199,920	2,568,972 *
Masonite International Corp.	61,790	6,329,768 *
Trex Co. Inc.	190,127	12,464,726 *
Total Building Products		*21,363,466*
Electrical Equipment — 2.8%		
Bloom Energy Corp., Class A Shares	281,369	4,600,383 *
Shoals Technologies Group Inc., Class A Shares	270,315	6,909,252 *
Total Electrical Equipment		*11,509,635*
Ground Transportation — 1.1%		
XPO Inc.	74,380	*4,388,420* *
Machinery — 4.8%		
Albany International Corp., Class A Shares	40,280	3,757,318
RBC Bearings Inc.	53,036	11,533,739 *
Tennant Co.	60,797	4,931,245
Total Machinery		*20,222,302*
Professional Services — 1.4%		
Paycor HCM Inc.	251,226	*5,946,519* *
Trading Companies & Distributors — 2.0%		
H&E Equipment Services Inc.	148,622	6,799,456
Xometry Inc., Class A Shares	81,487	1,725,895 *
Total Trading Companies & Distributors		*8,525,351*
Total Industrials		**88,738,344**
Information Technology — 21.3%		
Communications Equipment — 0.7%		
Viavi Solutions Inc.	260,278	*2,948,950* *
Electronic Equipment, Instruments & Components — 1.2%		
Brain Corp.	52,367	253,102 *(a)(b)(c)

See Notes to Financial Statements.

ClearBridge Variable Small Cap Growth Portfolio

(Percentages shown based on Portfolio net assets)

Security	Rate	Shares	Value	
Electronic Equipment, Instruments & Components — continued				
nLight Inc.		83,680	$ 1,290,345	*
OSI Systems Inc.		29,943	3,528,184	*
Total Electronic Equipment, Instruments & Components			*5,071,631*	
IT Services — 0.6%				
Wix.com Ltd.		31,347	*2,452,589*	*
Semiconductors & Semiconductor Equipment — 7.5%				
Allegro MicroSystems Inc.		215,215	9,714,805	*
Lattice Semiconductor Corp.		136,750	13,137,572	*
Monolithic Power Systems Inc.		15,791	8,530,772	
Total Semiconductors & Semiconductor Equipment			*31,383,149*	
Software — 11.3%				
Aspen Technology Inc.		24,688	4,137,956	*
Envestnet Inc.		87,374	5,185,647	*
Jamf Holding Corp.		137,895	2,691,710	*
Model N Inc.		190,807	6,746,935	*
New Relic Inc.		69,818	4,568,890	*
PagerDuty Inc.		287,854	6,470,958	*
Qualys Inc.		25,865	3,340,982	*
Sprout Social Inc., Class A Shares		140,650	6,492,404	*
Varonis Systems Inc.		220,267	5,870,116	*
Zeta Global Holdings Corp., Class A Shares		220,170	1,880,252	*
Total Software			*47,385,850*	
Total Information Technology			**89,242,169**	
Materials — 2.2%				
Chemicals — 2.2%				
Balchem Corp.		37,756	5,089,886	
Element Solutions Inc.		106,300	2,040,960	
Livent Corp.		78,748	2,160,058	*
Total Materials			**9,290,904**	
Total Common Stocks (Cost — $262,726,568)			**404,078,260**	
Preferred Stocks — 0.4%				
Health Care — 0.2%				
Pharmaceuticals — 0.2%				
Caris Life Sciences Inc., Series C	—	183,481	348,115	*(a)(b)(c)
Caris Life Sciences Inc., Series D	—	31,383	172,197	*(a)(b)(c)
Total Health Care			**520,312**	

See Notes to Financial Statements.

Schedule of investments (unaudited) (cont'd)

June 30, 2023

ClearBridge Variable Small Cap Growth Portfolio

(Percentages shown based on Portfolio net assets)

Security	Rate	Shares	Value
Information Technology — 0.2%			
Electronic Equipment, Instruments & Components — 0.2%			
Brain Corp.	—	170,237	**$ 822,795** *[a][b][c]
Total Preferred Stocks (Cost — $1,658,695)			**1,343,107**
Total Investments before Short-Term Investments (Cost — $264,385,263)			**405,421,367**
Short-Term Investments — 3.1%			
JPMorgan 100% U.S. Treasury Securities Money Market Fund, Institutional Class	5.028%	9,173,976	9,173,976 [d]
Western Asset Premier Institutional U.S. Treasury Reserves, Premium Shares	5.058%	3,931,704	3,931,704 [d][e]
Total Short-Term Investments (Cost — $13,105,680)			**13,105,680**
Total Investments — 100.0% (Cost — $277,490,943)			**418,527,047**
Other Assets in Excess of Liabilities — 0.0%††			155,690
Total Net Assets — 100.0%			**$418,682,737**

†† Represents less than 0.1%.

* Non-income producing security.

[a] Security is valued in good faith in accordance with procedures approved by the Board of Trustees (Note 1).

[b] Security is valued using significant unobservable inputs (Note 1).

[c] Restricted security (Note 9).

[d] Rate shown is one-day yield as of the end of the reporting period.

[e] In this instance, as defined in the Investment Company Act of 1940, an "Affiliated Company" represents Portfolio ownership of at least 5% of the outstanding voting securities of an issuer, or a company which is under common ownership or control with the Portfolio. At June 30, 2023, the total market value of investments in Affiliated Companies was $3,931,704 and the cost was $3,931,704 (Note 8).

Abbreviation(s) used in this schedule:

ADR — American Depositary Receipts

See Notes to Financial Statements.

Statement of assets and liabilities (unaudited)

June 30, 2023

Assets:	
Investments in unaffiliated securities, at value (Cost — $273,559,239)	$ 414,595,343
Investments in affiliated securities, at value (Cost — $3,931,704)	3,931,704
Receivable for Portfolio shares sold	1,197,154
Dividends receivable from unaffiliated investments	85,788
Dividends receivable from affiliated investments	7,490
Prepaid expenses	326
Total Assets	***419,817,805***
Liabilities:	
Payable for Portfolio shares repurchased	443,670
Payable for securities purchased	358,229
Investment management fee payable	244,625
Service and/or distribution fees payable	25,198
Trustees' fees payable	6,504
Accrued expenses	56,842
Total Liabilities	***1,135,068***
Total Net Assets	**$ 418,682,737**
Net Assets:	
Par value (Note 7)	$ 158
Paid-in capital in excess of par value	287,856,523
Total distributable earnings (loss)	130,826,056
Total Net Assets	**$ 418,682,737**
Net Assets:	
Class I	$285,675,737
Class II	$133,007,000
Shares Outstanding:	
Class I	10,521,228
Class II	5,290,448
Net Asset Value:	
Class I	$27.15
Class II	$25.14

See Notes to Financial Statements.

Statement of operations (unaudited)

For the Six Months Ended June 30, 2023

Investment Income:	
Dividends from unaffiliated investments	$ 718,607
Dividends from affiliated investments	74,951
Total Investment Income	***793,558***
Expenses:	
Investment management fee (Note 2)	1,497,744
Service and/or distribution fees (Notes 2 and 5)	156,643
Fund accounting fees	34,385
Legal fees	19,115
Audit and tax fees	14,865
Trustees' fees	14,839
Shareholder reports	8,997
Commitment fees (Note 10)	1,711
Transfer agent fees (Note 5)	1,528
Insurance	1,153
Custody fees	1,035
Interest expense	763
Miscellaneous expenses	3,325
Total Expenses	***1,756,103***
Less: Fee waivers and/or expense reimbursements (Notes 2 and 5)	(1,372)
Net Expenses	***1,754,731***
Net Investment Loss	**(961,173)**
Realized and Unrealized Gain (Loss) on Investments and Written Options (Notes 1, 3 and 4):	
Net Realized Gain (Loss) From:	
Investment transactions in unaffiliated securities	(1,160,592)
Written options	27,983
Net Realized Loss	***(1,132,609)***
Change in Net Unrealized Appreciation (Depreciation) From Unaffiliated Investments	***29,975,533***
Net Gain on Investments and Written Options	**28,842,924**
Increase in Net Assets From Operations	**$27,881,751**

See Notes to Financial Statements.

Statements of changes in net assets

For the Six Months Ended June 30, 2023 (unaudited) and the Year Ended December 31, 2022	2023	2022
Operations:		
Net investment loss	$ (961,173)	$ (2,088,744)
Net realized loss	(1,132,609)	(6,480,865)
Change in net unrealized appreciation (depreciation)	29,975,533	(146,487,688)
Increase (Decrease) in Net Assets From Operations	***27,881,751***	***(155,057,297)***
Distributions to Shareholders From (Notes 1 and 6):		
Total distributable earnings	—	(8,288,384)
Decrease in Net Assets From Distributions to Shareholders	***—***	***(8,288,384)***
Portfolio Share Transactions (Note 7):		
Net proceeds from sale of shares	61,041,490	91,072,998
Reinvestment of distributions	—	8,288,384
Cost of shares repurchased	(48,416,793)	(100,739,076)
Increase (Decrease) in Net Assets From Portfolio Share Transactions	***12,624,697***	***(1,377,694)***
Increase (Decrease) in Net Assets	***40,506,448***	***(164,723,375)***
Net Assets:		
Beginning of period	378,176,289	542,899,664
End of period	**$418,682,737**	**$ 378,176,289**

See Notes to Financial Statements.

Financial highlights

For a share of each class of beneficial interest outstanding throughout each year ended December 31, unless otherwise noted:						
Class I Shares[1]	2023[2]	2022	2021	2020	2019	2018
Net asset value, beginning of period	$25.23	$36.32	$36.60	$27.54	$23.88	$25.94
Income (loss) from operations:						
Net investment loss	(0.05)	(0.12)	(0.18)	(0.15)	(0.14)	(0.13)
Net realized and unrealized gain (loss)	1.97	(10.42)	4.70	11.83	6.50	1.16
Total income (loss) from operations	***1.92***	***(10.54)***	***4.52***	***11.68***	***6.36***	***1.03***
Less distributions from:						
Net realized gains	—	(0.55)	(4.80)	(2.62)	(2.70)	(3.09)
Total distributions	***—***	***(0.55)***	***(4.80)***	***(2.62)***	***(2.70)***	***(3.09)***
Net asset value, end of period	$27.15	$25.23	$36.32	$36.60	$27.54	$23.88
Total return[3]	***7.61%***	***(28.85)%***	***12.61%***	***43.26%***	***26.87%***	***3.44%***
Net assets, end of period (millions)	$286	$261	$368	$351	$267	$229
Ratios to average net assets:						
Gross expenses	0.80%[4]	0.80%	0.80%	0.81%	0.81%	0.82%
Net expenses[5]	0.80[4,6]	0.80[6]	0.80[6]	0.81[6]	0.81[6]	0.82
Net investment loss	(0.40)[4]	(0.43)	(0.46)	(0.52)	(0.49)	(0.46)
Portfolio turnover rate	**6%**	**8%**	**16%**	**21%**	**21%**	**25%**

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

[2] For the six months ended June 30, 2023 (unaudited).

[3] 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. Total returns for periods of less than one year are not annualized.

[4] Annualized.

[5] As a result of an expense limitation arrangement, the ratio of total annual fund operating expenses, other than interest, brokerage commissions, taxes, extraordinary expenses and acquired fund fees and expenses, to average net assets of Class I shares did not exceed 1.00%. This expense limitation arrangement cannot be terminated prior to December 31, 2024 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.

[6] Reflects fee waivers and/or expense reimbursements.

See Notes to Financial Statements.

For a share of each class of beneficial interest outstanding throughout each year ended December 31, unless otherwise noted:						
Class II Shares[1]	2023[2]	2022	2021	2020	2019	2018
Net asset value, beginning of period	$23.39	$33.81	$34.46	$26.11	$22.81	$24.96
Income (loss) from operations:						
Net investment loss	(0.08)	(0.17)	(0.27)	(0.21)	(0.20)	(0.20)
Net realized and unrealized gain (loss)	1.83	(9.70)	4.42	11.18	6.20	1.14
Total income (loss) from operations	***1.75***	***(9.87)***	***4.15***	***10.97***	***6.00***	***0.94***
Less distributions from:						
Net realized gains	—	(0.55)	(4.80)	(2.62)	(2.70)	(3.09)
Total distributions	***—***	***(0.55)***	***(4.80)***	***(2.62)***	***(2.70)***	***(3.09)***
Net asset value, end of period	$25.14	$23.39	$33.81	$34.46	$26.11	$22.81
Total return[3]	***7.48%***	***(29.01)%***	***12.31%***	***42.91%***	***26.55%***	***3.21%***
Net assets, end of period (000s)	$133,007	$117,084	$174,840	$153,272	$104,852	$72,147
Ratios to average net assets:						
Gross expenses	1.05%[4]	1.05%	1.05%	1.06%	1.06%	1.07%
Net expenses[5]	1.05[4,6]	1.04[6]	1.05[6]	1.06[6]	1.06[6]	1.07
Net investment loss	(0.65)[4]	(0.69)	(0.71)	(0.76)	(0.74)	(0.70)
Portfolio turnover rate	**6%**	**8%**	**16%**	**21%**	**21%**	**25%**

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

2 For the six months ended June 30, 2023 (unaudited).

3 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. Total returns for periods of less than one year are not annualized.

4 Annualized.

5 As a result of an expense limitation arrangement, the ratio of total annual fund operating expenses, other than interest, brokerage commissions, taxes, extraordinary expenses and acquired fund fees and expenses, to average net assets of Class II shares did not exceed 1.25%. This expense limitation arrangement cannot be terminated prior to December 31, 2024 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.

6 Reflects fee waivers and/or expense reimbursements.

See Notes to Financial Statements.

Notes to financial statements (unaudited)

1. Organization and significant accounting policies

ClearBridge Variable Small Cap Growth 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 Portfolio follows the accounting and reporting guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 946, *Financial Services – Investment Companies* ("ASC 946"). The following are significant accounting policies consistently followed by the Portfolio and are in conformity with U.S. generally accepted accounting principles ("GAAP"), including, but not limited to, ASC 946. Estimates and assumptions are required to be made regarding assets, liabilities and changes in net assets resulting from operations when financial statements are prepared. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ. Subsequent events have been evaluated through the date the financial statements were issued.

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

Pursuant to policies adopted by the Board of Trustees, the Portfolio’s manager has been designated as the valuation designee and is responsible for the oversight of the daily valuation process. The Portfolio’s manager is assisted by the Global Fund Valuation Committee (the “Valuation Committee”). The Valuation Committee is responsible for making fair value determinations, evaluating the effectiveness of the Portfolio’s pricing policies, and reporting to the Portfolio’s manager and 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 — unadjusted quoted prices in active markets for identical investments
- Level 2 — other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 — significant unobservable inputs (including the Portfolio's own assumptions in determining the fair value of investments)

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

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

ASSETS

Description	Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Long-Term Investments†:				
Common Stocks:				
Communication Services	$ 12,539,162	—	$2,391,691	$ 14,930,853
Information Technology	88,989,067	—	253,102	89,242,169
Other Common Stocks	299,905,238	—	—	299,905,238
Preferred Stocks:				
Health Care	—	—	520,312	520,312
Information Technology	—	—	822,795	822,795
Total Long-Term Investments	401,433,467	—	3,987,900	405,421,367
Short-Term Investments†	13,105,680	—	—	13,105,680
Total Investments	**$414,539,147**	**—**	**$3,987,900**	**$418,527,047**

† See Schedule of Investments for additional detailed categorizations.

(b) Written options. When the Portfolio writes an option, an amount equal to the premium received by the Portfolio is recorded as a liability, the value of which is marked-to-market daily to reflect the current market value of the option written. If the option expires, the premium received is recorded as a realized gain. When a written call option is exercised, the difference between the premium received plus the option exercise price and the Portfolio's basis in the underlying security (in the case of a covered written call option), or the cost to purchase the underlying security (in the case of an uncovered written call option), including brokerage commission, is recognized as a realized gain or loss. When a written put option is exercised, the amount of the premium received is subtracted from the cost of the security purchased by the Portfolio from the exercise of the written put option to form the Portfolio's basis in the underlying security purchased. The writer or buyer of an option traded on an exchange can liquidate the position before the exercise of the option by entering into a closing transaction. The cost of a closing transaction is deducted from the original premium received resulting in a realized gain or loss to the Portfolio.

The risk in writing a covered call option is that the Portfolio may forego the opportunity of profit if the market price of the underlying security increases and the option is exercised. The risk in writing a put option is that the Portfolio may incur a loss if the market price of the underlying security decreases and the option is exercised. The risk in writing an uncovered call option is that the Portfolio is exposed to the risk of loss if the market price of the underlying security increases. In addition, there is the risk that the Portfolio may not be able to enter into a closing transaction because of an illiquid secondary market.

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

(d) Counterparty risk and credit-risk-related contingent features of derivative instruments. The Portfolio may invest in certain securities or engage in other transactions where the Portfolio is exposed to counterparty credit risk in addition to broader market risks. The Portfolio may invest in securities of issuers, which may also be considered counterparties as trading partners in other transactions. This may increase the risk of loss in the event of default or bankruptcy by the counterparty or if the counterparty otherwise fails to meet its contractual obligations. The Portfolio's subadviser attempts to mitigate counterparty risk by (i) periodically assessing the creditworthiness of its trading partners, (ii) monitoring and/or limiting the amount of its net exposure to each individual counterparty based on its assessment and (iii) requiring collateral from the counterparty for certain transactions. Market events and changes in overall economic conditions may impact the assessment of such counterparty risk by the subadviser. In addition, declines in the values of underlying collateral received may expose the Portfolio to increased risk of loss.

With exchange traded and centrally cleared derivatives, there is less counterparty risk to the Portfolio since the exchange or clearinghouse, as counterparty to such instruments, guarantees against a possible default. The clearinghouse stands between the buyer and the seller of the contract; therefore, the credit risk is limited to failure of the clearinghouse. While offset rights may exist under applicable law, the Portfolio does not have a contractual right of offset against a clearing broker or clearinghouse in the event of a default of the clearing broker or clearinghouse.

The Portfolio has entered into master agreements, such as an International Swaps and Derivatives Association, Inc. Master Agreement ("ISDA Master Agreement") or similar agreement, with certain of its derivative counterparties that govern over-the-counter ("OTC") derivatives and provide for general obligations, representations, agreements, collateral posting terms, netting provisions in the event of default or termination and credit related contingent features. The credit related contingent features include, but are not limited to, a percentage decrease in the Portfolio's net assets or net asset value per share over a specified period of time. If these credit related contingent features were triggered, the derivatives counterparty could terminate the positions and demand payment or require additional collateral.

Under an ISDA Master Agreement, the Portfolio may, under certain circumstances, offset with the counterparty certain derivative financial instruments' payables and/or receivables with collateral held and/or posted and create one single net payment. However, absent an event of default by the counterparty or a termination of the agreement, the terms of the ISDA Master Agreements do not result in an offset of reported amounts of financial assets and financial liabilities in the Statement of Assets and Liabilities across transactions between the Portfolio and the applicable counterparty. The enforceability of the right to offset may vary by jurisdiction.

Collateral requirements differ by type of derivative. Collateral or margin requirements are set by the broker or exchange clearinghouse for exchange traded derivatives while collateral terms are contract specific for OTC traded derivatives. Cash collateral that has been pledged to cover obligations of the Portfolio under derivative contracts, if any, will be reported separately in the Statement of Assets and Liabilities. Securities pledged as collateral, if any, for the same purpose are noted in the Schedule of Investments.

As of June 30, 2023, the Portfolio did not have any open OTC derivative transactions with credit related contingent features in a net liability position.

(e) 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.

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

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

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

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

Management has analyzed the Portfolio's tax positions taken on income tax returns for all open tax years and has concluded that as of December 31, 2022, 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.

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

2. Investment management agreement and other transactions with affiliates

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

Under the investment management agreement, the Portfolio pays an investment management fee, calculated daily and paid monthly, at an annual rate of 0.75% of the Portfolio's average daily net assets.

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

As a result of expense limitation arrangements between the Portfolio and LMPFA, the ratio of total annual fund operating expenses, other than interest, brokerage commissions, taxes, extraordinary expenses and acquired fund fees and expenses, to average net assets of Class I and Class II shares did not exceed 1.00% and 1.25%, respectively. These expense limitation arrangements cannot be terminated prior to December 31, 2024 without the Board of Trustees' consent. In addition, the manager has agreed to waive the Portfolio's management fee to an extent sufficient to offset the net management fee payable in connection with any investment in an affiliated money market fund (the "affiliated money market fund waiver"). The affiliated money market fund waiver is not subject to the recapture provision discussed below.

During the six months ended June 30, 2023, fees waived and/or expenses reimbursed amounted to $1,372, all of which was an affiliated money market fund waiver.

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

Franklin Templeton Investor Services, LLC ("Investor Services") serves as the Portfolio's shareholder servicing agent and acts as the Portfolio's transfer agent and dividend-paying agent. Investor Services is an indirect, wholly-owned subsidiary of Franklin Resources. Franklin Distributors, LLC ("Franklin Distributors") serves as the Portfolio's sole and exclusive distributor. Franklin Distributors is an indirect, wholly-owned broker-dealer subsidiary of Franklin Resources.

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

3. Investments

During the six months ended June 30, 2023, the aggregate cost of purchases and proceeds from sales of investments (excluding short-term investments) were as follows:

Purchases	$39,352,661
Sales	23,445,547

At June 30, 2023, the aggregate cost of investments and the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

	Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Appreciation
Securities	$277,490,943	$167,527,736	$(26,491,632)	$141,036,104

4. Derivative instruments and hedging activities

The following table provides information about the effect of derivatives and hedging activities on the Portfolio's Statement of Operations for the six months ended June 30, 2023. The table provides additional detail about the amounts and sources of gains (losses) realized on derivatives during the period.

AMOUNT OF NET REALIZED GAIN (LOSS) ON DERIVATIVES RECOGNIZED

	Equity Risk
Written options	$27,983

During the six months ended June 30, 2023, the volume of derivative activity for the Portfolio was as follows:

	Average Market Value
Written options†	$1,969

† At June 30, 2023, there were no open positions held in this derivative.

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

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

For the six months ended June 30, 2023, class specific expenses were as follows:

	Service and/or Distribution Fees	Transfer Agent Fees
Class I	—	$1,278
Class II	$156,643	250
Total	**$156,643**	**$1,528**

For the six months ended June 30, 2023, waivers and/or expense reimbursements by class were as follows:

	Waivers/Expense Reimbursements
Class I	$ 940
Class II	432
Total	**$1,372**

6. Distributions to shareholders by class

	Six Months Ended June 30, 2023	Year Ended December 31, 2022
Net Realized Gains:		
Class I	—	$5,600,474
Class II	—	2,687,910
Total	**—**	**$8,288,384**

7. Shares of beneficial interest

At June 30, 2023, the Trust had an unlimited number of shares of beneficial interest authorized with a par value of $0.00001 per share. The Portfolio has the ability to issue multiple classes of shares. Each class of shares represents an identical interest and has the same rights, except that each class bears certain direct expenses, including those specifically related to the distribution of its shares.

Transactions in shares of each class were as follows:

	Six Months Ended June 30, 2023		Year Ended December 31, 2022	
	Shares	Amount	Shares	Amount
Class I				
Shares sold	1,109,043	$ 29,679,572	1,775,547	$ 48,801,161
Shares issued on reinvestment	—	—	246,026	5,600,474
Shares repurchased	(937,162)	(24,838,880)	(1,805,995)	(49,977,723)
Net increase	**171,881**	**$ 4,840,692**	**215,578**	**$ 4,423,912**
Class II				
Shares sold	1,266,226	$ 31,361,918	1,679,774	$ 42,271,837
Shares issued on reinvestment	—	—	127,159	2,687,910
Shares repurchased	(981,936)	(23,577,913)	(1,971,847)	(50,761,353)
Net increase (decrease)	**284,290**	**$ 7,784,005**	**(164,914)**	**$ (5,801,606)**

8. Transactions with affiliated company

As defined by the 1940 Act, an affiliated company is one in which the Portfolio owns 5% or more of the outstanding voting securities, or a company which is under common ownership or control with the Portfolio. The following company was considered an affiliated company for all or some portion of the six months ended June 30, 2023. The following transactions were effected in such company for the six months ended June 30, 2023.

	Affiliate Value at December 31, 2022	Purchased		Sold	
		Cost	Shares	Proceeds	Shares
Western Asset Premier Institutional U.S. Treasury Reserves, Premium Shares	$3,380,323	$18,209,850	18,209,850	$17,658,469	17,658,469

(cont'd)	Realized Gain (Loss)	Dividend Income	Net Increase (Decrease) in Unrealized Appreciation (Depreciation)	Affiliate Value at June 30, 2023
Western Asset Premier Institutional U.S. Treasury Reserves, Premium Shares	—	$74,951	—	$3,931,704

9. Restricted securities

The following Portfolio investments are restricted as to resale and, in the absence of readily ascertainable market values, are valued in good faith in accordance with procedures approved by the Board of Trustees.

Security	Number of Shares	Acquisition Date	Cost	Fair Value at 6/30/2023	Value Per Share	Percent of Net Assets
Brain Corp., Common Shares	52,367	3/21	$ 228,844	$ 253,102	$ 4.83	0.06%
Brain Corp., Preferred Shares	170,237	4/20, 11/20	898,085	822,795	4.83	0.20
Caris Life Sciences Inc., Series C, Preferred Shares	183,481	10/20	506,408	348,115	1.90	0.08
Caris Life Sciences Inc., Series D, Preferred Shares	31,383	5/21	254,202	172,197	5.49	0.04
Klaviyo Inc., Common Shares	69,558	5/21	2,321,946	2,391,691	34.38	0.57
			$4,209,485	**$3,987,900**		**0.95%**

10. Redemption facility

The Portfolio, together with other U.S. registered and foreign investment funds (collectively, the "Borrowers") managed by Franklin Resources or its affiliates, is a borrower in a joint syndicated senior unsecured credit facility totaling $2.675 billion (the "Global Credit Facility"). The Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests. Unless renewed, the Global Credit Facility will terminate on February 2, 2024.

Under the terms of the Global Credit Facility, the Portfolio shall, in addition to interest charged on any borrowings made by the Portfolio and other costs incurred by the Portfolio, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in the Statement of Operations. The Portfolio did not utilize the Global Credit Facility during the six months ended June 30, 2023.

11. Deferred capital losses

As of December 31, 2022, the Portfolio had deferred capital losses of $6,774,576, which have no expiration date, that will be available to offset future taxable capital gains.

12. Recent accounting pronouncement

In June 2022, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2022-03, *Fair Value Measurement (Topic 820) – Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. The amendments in the ASU clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, should not be considered in measuring fair value. The ASU is effective for interim and annual reporting periods beginning after December 15, 2023, with the option of early adoption. Management has reviewed the requirements and believes that the adoption of the ASU will not have a material impact on the financial statements.

Board approval of management and subadvisory agreements (unaudited)

At an in-person meeting of the Board of Trustees of Legg Mason Partners Variable Equity Trust (the "Trust") held on May 3-4, 2023, the Board, including the Trustees who are not considered to be "interested persons" of the Trust (the "Independent Trustees") under the Investment Company Act of 1940, as amended (the "1940 Act"), approved for an annual period the continuation of the management agreement (the "Management Agreement") between the Trust and Legg Mason Partners Fund Advisor, LLC (the "Manager") with respect to ClearBridge Variable Small Cap Growth Portfolio, a series of the Trust (the "Fund"), and 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."

Background

The Board received extensive information in advance of the meeting to assist it in its consideration of the Agreements and asked questions and requested additional information from management. Throughout the year the Board (including its various committees) had met with representatives of the Manager and the Subadvisers, and had received information relevant to the renewal of the Agreements. Prior to the meeting the Independent Trustees met with their independent legal counsel to discuss and consider the information provided and submitted questions to management, and they considered the responses provided. The Board received and considered a variety of information about the Manager and the Subadvisers, as well as the management, advisory and sub-advisory arrangements for the Fund and other funds overseen by the Board, certain portions of which are discussed below. The information received and considered by the Board both in conjunction with the May 2023 meeting and throughout the year was both written and oral. The contractual arrangements discussed below are the product of multiple years of review and negotiation and information received and considered by the Board during those years.

The information provided and presentations made to the Board encompassed the Fund and all funds for which the Board has responsibility. The discussion below covers both the advisory and the administrative functions being rendered by the Manager, both of which functions are encompassed by the Management Agreement, as well as the advisory functions rendered by the Subadvisers pursuant to the Sub-Advisory Agreements.

Board approval of management agreement and sub-advisory agreements

The Independent Trustees were advised by separate independent legal counsel throughout the process. Prior to voting, the Independent Trustees received a memorandum from their independent legal counsel discussing the legal standards for their consideration of the proposed continuation of the Agreements. The Independent Trustees also reviewed the proposed continuation of the Management Agreement and the Sub-Advisory Agreements in private sessions with their independent legal counsel at which no representatives of the Manager and Subadvisers were present. The Independent Trustees considered the Management Agreement and each Sub-Advisory Agreement separately in the course of their review. In doing so, they noted the respective roles of the Manager and the Subadvisers in providing services to the Fund.

In approving the Agreements, the Board, including the Independent Trustees, considered a variety of factors, including those factors discussed below. 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. Each Trustee may have attributed different weight to the various factors in evaluating the Management Agreement and each Sub-Advisory Agreement.

After considering all relevant factors and information, the Board, exercising its business judgment, determined that the continuation of the Agreements was in the best interests of the Fund and its shareholders and approved the continuation of each such agreement for another year.

Nature, extent and quality of the services 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 Subadvisers under the Management Agreement and the Sub-Advisory Agreements, respectively, during the past year. 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 Fund's other service providers. The Board's evaluation of the services provided by the Manager and the Subadvisers took into account the Board's knowledge gained as Trustees of funds in the fund complex overseen by the Trustees, including knowledge gained regarding the scope and quality of the investment management and other capabilities of the Manager and the Subadvisers, and the quality of the Manager's administrative and other services. The Board observed that the scope of services provided by the Manager and the Subadvisers, and of the undertakings required of the Manager and Subadvisers in connection with those services, including maintaining and monitoring their own and the Fund's compliance programs, liquidity management programs, derivatives risk management programs, cybersecurity programs and valuation-related policies, had expanded over time as a result of regulatory, market and other developments. The Board also noted that on a regular basis it received and reviewed information from the Manager regarding the Fund's compliance policies and procedures established pursuant to Rule 38a-1 under the 1940 Act. The Board also considered the risks associated with the

Fund borne by the Manager and its affiliates (such as entrepreneurial, operational, reputational, litigation and regulatory risk), as well as the Manager's and each Subadviser's risk management processes.

The Board reviewed the qualifications, backgrounds and responsibilities of the Manager's and each Subadviser's senior personnel and the team of investment professionals primarily responsible for the day-to-day portfolio management of the Fund. The Board also considered, based on its knowledge of the Manager and the Manager's affiliates, the financial resources of Franklin Resources, Inc., the parent organization of the Manager and the Subadvisers. The Board recognized the importance of having a fund manager with significant resources.

The Board considered the division of responsibilities among the Manager and the Subadvisers and the oversight provided by the Manager. The Board also considered the policies and practices of the Manager and the Subadvisers regarding the selection of brokers and dealers and the execution of portfolio transactions. The Board considered management's periodic reports to the Board on, among other things, its business plans, any organizational changes and portfolio manager compensation.

The Board received and considered performance information for the Fund as well as for a group of funds (the "Performance Universe") selected by Broadridge Financial Solutions, Inc. ("Broadridge"), an independent provider of investment company data, based on classifications provided by Thomson Reuters Lipper ("Lipper"). The Board was provided with a description of the methodology used to determine the similarity of the Fund with the funds included in the Performance Universe. It was noted that while the Board found the Broadridge data generally useful, they recognized its limitations, including that the data may vary depending on the end date selected and that the results of the performance comparisons may vary depending on the selection of the peer group and its composition over time. The Board also noted that it had received and discussed with management information throughout the year at periodic intervals comparing the Fund's performance against its benchmark and against the Fund's peers. The Board also considered the Fund's performance in light of overall financial market conditions.

The information comparing the Fund's performance to that of its Performance Universe, consisting of funds underlying variable insurance products (including the Fund) classified as small-cap growth funds by Lipper, showed, among other data, that the performance of the Fund's Class I shares for the one-year period ended December 31, 2022 was below the median performance of the funds in the Performance Universe, and was above the median performance of the funds in the Performance Universe for each of the three-, five- and ten-year periods ended December 31, 2022 and ranked in the first quintile of the funds in the Performance Universe for the five- and ten-year periods. The Board noted the explanations

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

from the Manager and ClearBridge concerning the reasons for the Fund's relative performance versus the peer group for the various periods.

The Board concluded that, overall, the nature, extent and quality of services provided (and expected to be provided), including performance, under the Management Agreement and each Sub-Advisory Agreement were sufficient for renewal.

Management fees and expense ratios

The Board reviewed and considered the contractual management fee payable by the Fund to the Manager (the "Contractual Management Fee") and the actual management fees paid by the Fund to the Manager (the "Actual Management Fee") in light of the nature, extent and quality of the management and sub-advisory services provided by the Manager and the Subadvisers, respectively. The Board also noted that the compensation paid to the Subadvisers is the responsibility and expense of the Manager, not the Fund.

The Board received and considered information provided by Broadridge comparing the Contractual Management Fee and the Actual Management Fee and the Fund's total actual expenses with those of funds in both the relevant expense group and a broader group of funds, each selected by Broadridge based on classifications provided by Lipper. It was noted that while the Board found the Broadridge data generally useful, they recognized its limitations, including that the data may vary depending on the selection of the peer group. The Board also reviewed information regarding fees charged by the Manager and/or the Subadvisers to other 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 differences in services provided to these different types of accounts, noting that the Fund is provided with certain administrative services, office facilities, and Fund officers (including the Fund's chief executive, chief financial and chief compliance officers), and that the Manager coordinates and oversees the provision of services to the Fund by other Fund service providers. The Board considered the fee comparisons in light of the differences in management of these different types of accounts, and the differences in the degree of entrepreneurial and other risks borne by the Manager in managing the Fund and in managing other types of accounts.

The Board considered the overall management fee, the fees of each of the Subadvisers and the amount of the management fee retained by the Manager after payment of the subadvisory fees, in each case in light of the services rendered for those amounts. The Board also 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.

The Board also received and considered information comparing the Fund's Contractual Management Fee and Actual Management Fee as well as its actual total expense ratio with those of a group of 17 small-cap growth funds underlying variable insurance products (including the Fund) selected by Broadridge to be comparable to the Fund (the "Expense Group"), and a broader group of funds selected by Broadridge consisting of small-cap growth funds underlying variable insurance products (including the Fund) (the "Expense Universe"). This information showed that the Fund's Contractual Management Fee was below the median of management fees payable by the funds in the Expense Group and that the Fund's Actual Management Fee was below the median of management fees paid by the funds in the Expense Group and approximately equivalent to the median of management fees paid by the funds in the Expense Universe. This information also showed that the Fund's actual total expense ratio was below the median of the total expense ratios of the funds in the Expense Group and below the median of the actual total expense ratios of the funds in the Expense Universe.

Taking all of the above into consideration, as well as the factors identified below, the Board determined that the management fee and the subadvisory fees for the Fund were reasonable in light of the nature, extent and quality of the services provided to the Fund under the Management Agreement and the Sub-Advisory Agreements.

Manager profitability

The Board received and considered an analysis of the profitability of the Manager and its affiliates in providing services to the Fund. The Board also received profitability information with respect to the Legg Mason Funds complex as a whole. The Board received information with respect to the Manager's allocation methodologies used in preparing this profitability data. It was noted that the allocation methodologies had previously been reviewed by an outside consultant. The profitability of the Manager and its affiliates was considered by the Board not excessive in light of the nature, extent and quality of the services provided to the Fund.

Economies of scale

The Board received and discussed information concerning whether the Manager realizes economies of scale with respect to the management of the Fund as the Fund's assets grow. The Board noted the size of the Fund.

The Board determined that the management fee structure for the Fund was reasonable.

Other benefits to the manager and the subadvisers

The Board considered other benefits received by the Manager, the Subadvisers and their affiliates as a result of their relationship with the Fund, including the opportunity to offer additional products and services to Fund shareholders, including the appointment of an affiliate of the Manager as the transfer agent of the Fund.

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

In light of the costs of providing investment management and other services to the Fund and the ongoing commitment of the Manager and the Subadvisers to the Fund, the Board considered that the ancillary benefits that the Manager, the Subadvisers and their affiliates received were reasonable.

Statement regarding liquidity risk management program
(unaudited)

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

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

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

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

Statement regarding liquidity risk management program (unaudited) (cont'd)

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

At meetings of the Funds' Board of Trustees held in May 2023, the Program Administrator provided a written report to the Board addressing the adequacy and effectiveness of the program for the year ended December 31, 2022. The Program Administrator report concluded that (i.) the LRMP, as adopted and implemented, remains reasonably designed to assess and manage each Fund's liquidity risk; (ii.) the LRMP, including the Highly Liquid Investment Minimum ("HLIM") where applicable, was implemented and operated effectively to achieve the goal of assessing and managing each Fund's liquidity risk; and (iii.) each Fund was able to meet requests for redemption without significant dilution of remaining investors' interests in the Fund.

ClearBridge
Variable Small Cap Growth Portfolio

Investment manager

Legg Mason Partners Fund Advisor, LLC

Subadviser

ClearBridge Investments, LLC

Distributor

Franklin Distributors, LLC

Custodian

The Bank of New York Mellon

Transfer agent

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

Independent registered public accounting firm

PricewaterhouseCoopers LLP
Baltimore, MD

ClearBridge Variable Small Cap Growth Portfolio

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

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

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

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

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

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

www.franklintempleton.com

Legg Mason Funds Privacy and Security Notice

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When you invest with us, you provide us with your non-public personal information. We collect and use this information to service your accounts and respond to your requests. The non-public personal information we may collect falls into the following categories:

- Information we receive from you or your financial intermediary on applications or other forms, whether we receive the form in writing or electronically. For example, this information may include your name, address, tax identification number, birth date, investment selection, beneficiary information, and your personal bank account information and/or email address if you have provided that information.
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- Information we receive from third parties (for example, to update your address if you move, obtain or verify your email address or obtain additional information to verify your identity).
- Information collected from you online, such as your IP address or device ID and data gathered from your browsing activity and location. (For example, we may use cookies to collect device and browser information so our website recognizes your online preferences and device information.) Our website contains more information about cookies and similar technologies and ways you may limit them.
- Other general information that we may obtain about you such as demographic information.

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We will only share non-public personal information with outside parties in the limited circumstances permitted by law. For example, this includes situations where we need to share information with companies who work on our behalf to service or maintain your account or process transactions you requested, when the disclosure is to companies assisting us with our own marketing efforts, when the disclosure is to a party representing you, or when required by law (for example, in response to legal process). Additionally, we will ensure that any outside companies working on our behalf, or with whom we have joint marketing agreements, are under contractual obligations to protect the confidentiality of your information, and to use it only to provide the services we asked them to perform.

Confidentiality and Security

Our employees are required to follow procedures with respect to maintaining the confidentiality of our investors' non-public personal information. Additionally, we maintain physical, electronic and procedural safeguards to protect the information. This includes performing ongoing evaluations of our systems containing investor information and making changes when appropriate.

At all times, you may view our current privacy notice on our website at franklintempleton.com or contact us for a copy at (800) 632-2301.

*For purposes of this privacy notice Franklin Templeton shall refer to the following entities:

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Franklin Distributors, LLC, including as program manager of the Franklin Templeton 529 College Savings Plan and the NJBEST 529 College Savings Plan
Franklin Mutual Advisers, LLC
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Franklin Templeton Investments Management, Limited UK
Franklin Templeton Portfolio Advisors, Inc.
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Templeton Asset Management, Limited
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