ClearBridge Investments

A Legg Mason Company

Annual Report | December 31, 2017

CLEARBRIDGE VARIABLE AGGRESSIVE GROWTH PORTFOLIO

LEGG MASON GLOBAL ASSET MANAGEMENT

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

Portfolio objective

The Portfolio seeks capital appreciation.

What's inside

Letter from the president

Dear Shareholder,

We are pleased to provide the annual report of ClearBridge Variable Aggressive Growth Portfolio for the twelve-month reporting period ended December 31, 2017. 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. 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, 2018

Investment commentary

Economic review

Economic activity in the U.S. was somewhat mixed during the twelve months ended December 31, 2017 (the "reporting period"). Looking back, the U.S. Department of Commerce reported that U.S. gross domestic product ("GDP")[i] growth was 1.2% during the first quarter of 2017. Second and third quarter 2017 GDP growth then accelerated to 3.1% and 3.2%, respectively. Finally, the U.S. Department of Commerce's initial reading for fourth quarter 2017 GDP growth — released after the reporting period ended — was 2.6%. The deceleration in growth reflected a downturn in private investor investment, which was partially offset by accelerations in personal consumption expenditures ("PCE"), exports, nonresidential fixed investment, state and local government spending, federal government spending, and an upturn in residential fixed investment.

Job growth in the U.S. was solid overall and supported the economy during the reporting period. When the reporting period ended on December 31, 2017, the unemployment rate was 4.1%, as reported by the U.S. Department of Labor. This equaled the lowest unemployment rate since December 2000. The percentage of longer-term unemployed declined during the reporting period. In December 2017, 22.9% of Americans looking for a job had been out of work for more than six months, versus 24.4% when the period began.

The Federal Reserve Board (the "Fed")[ii] raised interest rates, as represented by the federal funds rate,[iii] three times during the reporting period. The first occurrence took place on March 15, 2017, as the Fed raised rates to a range between 0.75% and 1.00%. At its meeting that concluded on June 14, 2017, the Fed then raised rates to a range between 1.00% and 1.25%. During its meeting that concluded on September 20, 2017, the Fed kept rates on hold, but reiterated its intention to begin reducing its balance sheet, saying, "In October, the Committee will initiate the balance sheet normalization program…." Finally, at its meeting that ended on December 13, 2017, the Fed raised rates to a range between 1.25% and 1.50%.

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

Sincerely,

Jane Trust, CFA
President and Chief Executive Officer

January 31, 2018

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results.

i Gross domestic product ("GDP") is the market value of all final goods and services produced within a country in a given period of time.

ii 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.

iii The federal funds rate is the rate charged by one depository institution on an overnight sale of immediately available funds (balances at the Federal Reserve) to another depository institution; the rate may vary from depository institution to depository institution and from day to day.

(This page intentionally left blank.)

Portfolio overview

Q. What is the Portfolio's investment strategy?

A. The Portfolio seeks capital appreciation. The Portfolio invests primarily in common stocks of companies that we believe are experiencing, or will experience, growth in earnings that exceeds the average rate of earnings growth of the companies which comprise the S&P 500 Index[i].

The Portfolio may invest in the securities of large, well-known companies offering prospects of long-term earnings growth. However, because higher earnings growth rates are often achieved by small to medium capitalization companies, a significant portion of the Portfolio's assets may be invested in the securities of such companies. The Portfolio may invest up to 25% of its net assets (at the time of investment) in equity securities of foreign issuers.

We emphasize individual security selection while diversifying the Portfolio's investments across industries, which may help to reduce risk. We focus primarily, but not exclusively, on emerging growth companies that have passed their "start-up" phase and show positive earnings and the prospect of achieving significant profit gains in the two to three years after the Portfolio acquires their stocks. When evaluating an individual company's stock, we consider whether the company may benefit from:

- New technologies, products or services
- New cost reducing measures
- Changes in management
- Favorable changes in government regulations

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

A. Major U.S. equity indices delivered solid returns for the twelve-month reporting period ended December 31, 2017 as the S&P 500 Index gained 21.83%, the Russell 3000 Index[ii] 21.13% and the Russell 2000 Index[iii] 14.65%. In addition, growth stocks substantially outperformed value stocks as measured by the Russell 3000 Growth[iv] and Russell 3000 Value[v] Indices, which returned 29.59% and 13.19%, respectively, during the reporting period. Volatility was muted with the Chicago Board Options Exchange ("CBOE") Volatility Index ("VIX")[vi] trading at historically low levels for most of the period.

Expanding economic growth, improving corporate earnings and beneficial government legislation, capped by the passage of broad tax reform drove stocks to new highs across market capitalizations. Strong growth and the momentum of passive inflows caused the Information Technology ("IT") sector to be the best performing sector in the Russell 3000 Growth Index, while the Industrials and Financials sectors also outperformed. The Energy sector was the worst performing sector and the only one with a negative return, weighed down by range-bound energy prices and rotation out of the space by investors.

Throughout the reporting period, investors focused on the potential impact of policy changes on health care and regulation. In particular, there was increased optimism for a more balanced regulatory approach to sectors, including the Financials and Health Care sectors, and the media industry.

Portfolio overview (cont'd)

Corporate earnings growth resumed after dipping earlier in 2016, helping broad equity index returns over the period. With continued low unemployment and slow but steady economic growth, the Federal Reserve Board (the "Fed")[vii] raised the federal funds rate[viii] three times during the period and announced it would begin shrinking its $4.5 trillion balance sheet of Treasury bonds and mortgage-backed securities.

A dominant theme toward the end of the reporting period was the apparent synchronization of global growth, as most major markets experienced increases in gross domestic product ("GDP")[ix] growth rates and flat or decreasing unemployment. In the U.S., consumer sentiment reached a decade high in October 2017, even as the current expansion extended beyond historical norms.

The U.S. economy continued to expand during the reporting period, with GDP growth, as measured by the U.S. Department of Commerce, reaching and surpassing 3.0% during the third calendar quarter of 2017. The employment situation also improved, as the unemployment rate reached a multi-decade low of 4.1% in October 2017, as reported by the U.S. Department of Labor. Financing for large cap companies remained readily available and attractively priced as the ten-year Treasury yield was largely flat over the period, receding from an initial 2.45% and ending the period at 2.40%.

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

A. Being valuation conscious means trying to avoid crowded and expensive sectors in the market. Interestingly, while the market is at or near all-time highs, three of the four areas we target — health care, energy and media — remain generally uncrowded and undervalued. We believe this is due to money flow — investors abandoning entire industries in favor of what is currently working, a force accentuated in the fourth quarter by tax-loss selling — as much as fundamentals. While turnover has stayed low over the last eighteen months, the portfolio valuation has gone from a premium or parity to the benchmark on a forward price-to-earnings basis to trading at a meaningful discount. Industries such as biotechnology and media, where earnings continue to grow, have experienced significant multiple compression.

Biotech and specialty pharmaceuticals stocks have been pressured by increased competition, negative sentiment and selling pressure. Given the innovation among biopharmaceuticals that remains available at what we believe to be very attractive prices, we continue to like the risk-reward of Portfolio holdings in Allergan PLC, Biogen Inc., Amgen Inc. and Vertex Pharmaceuticals, Inc. among others, and have been adding to our positions opportunistically.

Within the Energy sector, the exploration & production companies we own have been among the leaders in shoring up their balance sheets, and steering away from unprofitable production growth to focus on returns on capital and cash flow generation. Over the next several years, as increasing demand moves global oil markets to an undersupply situation, that capital discipline should benefit stocks like Anadarko Petroleum Corp., where we have been adding to our position as well as added a new position in Newfield Exploration Co. On the oilfield services side, we have seen several companies make smaller acquisitions and leverage their financial flexibility to drive improved technology and to expand geographically. The industry is also regaining pricing power, which supports higher cash flows. We have added to select services names, including Weatherford International PLC and Core Laboratories NV.

Media has become bifurcated like technology, with valuations of larger companies such as Netflix becoming extended, while companies such as Discovery Communications Inc. are trading at historically depressed multiples on a free cash flow basis. We added significantly to Discovery Communications Inc. over the reporting period. Owners of content rebounded late in the year on the passage of tax reform legislation and we think the backdrop should continue to improve through less regulation. Additionally, we think the industry will continue to seek scales through mergers and media conglomerates will continue to be aggressive acquirers.

Performance review

For the twelve months ended December 31, 2017, Class I shares of ClearBridge Variable Aggressive Growth Portfolio[1] returned 16.29%. The Portfolio's unmanaged benchmark, the Russell 3000 Growth Index, returned 29.59% for the same period. The Lipper Variable Multi-Cap Core Funds Category Average[2] returned 19.28% over the same time frame.

Performance Snapshot as of December 31, 2017 (unaudited)

	6 months	12 months
ClearBridge Variable Aggressive Growth Portfolio:		
Class I	6.23%	16.29%
Class II	6.10%	15.99%
Russell 3000 Growth Index	13.98%	29.59%
Lipper Variable Multi-Cap Core Funds Category Average[2]	9.89%	19.28%

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

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

Total Annual Operating Expenses (unaudited)

As of the Portfolio's current prospectus dated May 1, 2017, 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

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.**

2 Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the period ended December 31, 2017, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 112 funds for the six-month period and among the 112 funds for the twelve-month period in the Portfolio's Lipper category.

Portfolio overview (cont'd)

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's positions in six of eight sectors in which it was invested (out of eleven sectors in total) contributed positively to performance for the reporting period. The greatest contributions to absolute returns came from the Portfolio's holdings in the Health Care and IT sectors.

Relative to the benchmark, stock selection in the Materials sector, an overweight to Materials and a lack of exposure to the Consumer Staples sector had positive impacts on performance.

In terms of individual Portfolio holdings, leading contributors to performance for the period included positions in UnitedHealth Group Inc., Vertex Pharmaceuticals Inc., Amgen Inc. and Biogen Inc. in the Health Care sector as well as Broadcom Ltd. in the IT sector.

Q. What were the leading detractors from performance?

A. Relative to the benchmark, both the Portfolio's overall stock selection and its overall sector allocation had negative impacts on performance for the reporting period. In particular, an overweight to the Energy sector, an underweight to IT, as well as stock selection in the Consumer Discretionary, Health Care, Industrials, Energy and IT sectors hurt relative performance the most.

In terms of individual Portfolio holdings, leading detractors from performance for the period included positions in Allergan PLC in the Health Care sector, Anadarko Petroleum Corp., Newfield Exploration Co. and Core Laboratories NV in the Energy sector, as well as Discovery Communications Inc. in the Consumer Discretionary sector.

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

A. During the period, the Portfolio initiated a position in Newfield Exploration Co. in the Energy sector and closed a position in Teva Pharmaceutical Industries Ltd. in the Health Care sector. The Portfolio received shares of Bioverativ Inc. following its spinoff from portfolio holding Biogen Inc., Sterling Bancorp following its acquisition of portfolio holding Astoria Financial Corp. and LogMeIn, Inc. following its merger with GoToMeeting, a spin-off from portfolio holding Citrix Systems, Inc.

Thank you for your investment in ClearBridge Variable Aggressive Growth 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,

Richard A. Freeman
Portfolio Manager
ClearBridge Investments, LLC

Evan S. Bauman
Portfolio Manager
ClearBridge Investments, LLC

January 24, 2018

RISKS: Equity securities are subject to price and market fluctuations. The Portfolio may invest a significant portion of its assets in small- and mid-cap companies, which may be more volatile than investments in large-cap companies. The Portfolio may focus its investments in certain companies, industries or market sectors, increasing its vulnerability to market volatility. 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 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, 2017 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, 2017 were: UnitedHealth Group Inc. (8.2%), Biogen Inc. (8.1%), Comcast Corp., Class A Shares (8.0%), Amgen Inc. (6.7%), Anadarko Petroleum Corp. (6.1%), Allergan PLC (4.9%), Broadcom Ltd. (4.7%), Vertex Pharmaceuticals Inc. (4.2%), TE Connectivity Ltd. (2.8%) and L3 Technologies Inc. (2.6%). 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, 2017 were: Health Care (37.8%), Information Technology (20.2%), Consumer Discretionary (19.5%), Energy (11.7%) and Industrials (5.5%). 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)

[i] 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.

[ii] The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the U.S. equity market.

[iii] The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 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.

[iv] The Russell 3000 Growth Index measures the performance of the broad growth segment of the U.S. equity universe. It includes those Russell 3000 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.)

[v] The Russell 3000 Value Index measures the performance of the broad value segment of the U.S. equity value universe. It includes those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth values.

[vi] The Chicago Board Options Exchange ("CBOE") Volatility Index ("VIX") is a measure of market expectations of near-term volatility as conveyed by S&P 500 stock index option prices.

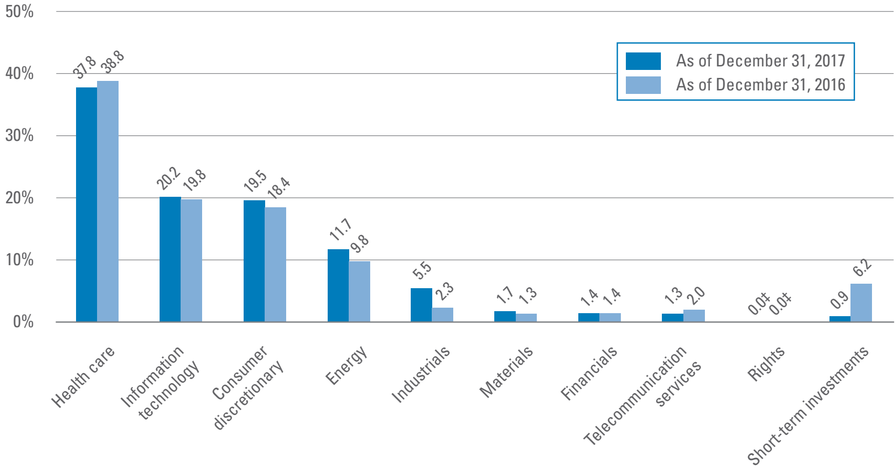
[vii] The Federal Reserve Board (the "Fed") is responsible for the formulation of U.S. policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.

[viii] The federal funds rate is the rate charged by one depository institution on an overnight sale of immediately available funds (balances at the Federal Reserve) to another depository institution; the rate may vary from depository institution to depository institution and from day to day.

[ix] Gross domestic product ("GDP") is the market value of all final goods and services produced within a country in a given period of time.

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 December 31, 2017 and December 31, 2016. The Portfolio is actively managed. As a result, the composition of the Portfolio's investments is subject to change at any time.

‡ Amount represents less than 0.1%.

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 mutual funds.

This example is based on an investment of $1,000 invested on July 1, 2017 and held for the six months ended December 31, 2017.

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	6.23%	$1,000.00	$1,062.30	0.79%	$4.11
Class II	6.10	1,000.00	1,061.00	1.04	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	$1,021.22	0.79%	$4.02
Class II	5.00	1,000.00	1,019.96	1.04	5.30

1 For the six months ended December 31, 2017.

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

3 Expenses (net of compensating balance arrangements, fee waivers and/or expense reimbursements) are equal to each class' respective annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year (184), then divided by 365.

Portfolio performance (unaudited)

Average annual total returns[1]	Class I	Class II
Twelve Months Ended 12/31/17	16.29%	15.99%
Five Years Ended 12/31/17	15.52	15.23
Ten Years Ended 12/31/17	9.64	9.35

Cumulative total returns[1]	
Class I (12/31/07 through 12/31/17)	150.95%
Class II (12/31/07 through 12/31/17)	144.48

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

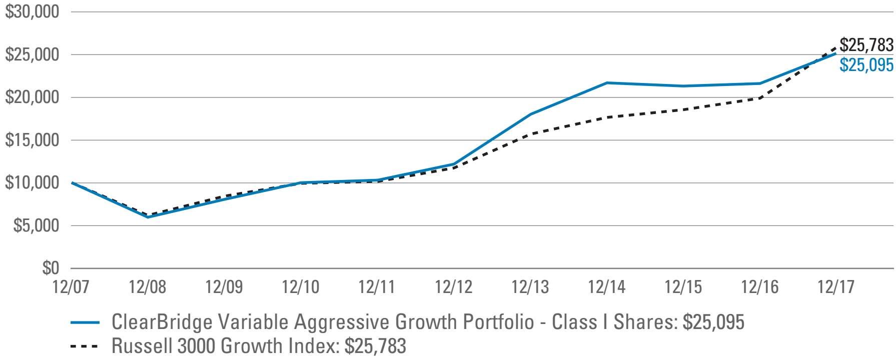
1 Assumes the reinvestment of all distributions, including returns of capital, if any, at net asset value.

Portfolio performance (unaudited) (cont'd)

Historical performance

Value of $10,000 invested in

Class I Shares of ClearBridge Variable Aggressive Growth Portfolio vs. Russell 3000 Growth Index† — December 2007 - December 2017



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 Aggressive Growth Portfolio on December 31, 2007, assuming the reinvestment of all distributions, including returns of capital, if any, at net asset value through December 31, 2017. The hypothetical illustration also assumes a $10,000 investment in the Russell 3000 Growth Index. The Russell 3000 Growth Index measures the performance of the broad growth segment of the U.S. equity universe. It includes those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values. The index is unmanaged and is not subject to the same management and trading expenses as a fund. Please note that an investor cannot invest directly in an index. The performance of the Portfolio's other class may be greater or less than the Class I shares' performance indicated on this chart, depending on whether greater or lesser fees were incurred by shareholders investing in the other class.

Schedule of investments

December 31, 2017

ClearBridge Variable Aggressive Growth Portfolio

Security	Shares	Value
Common Stocks — 99.1%		
Consumer Discretionary — 19.5%		
Auto Components — 0.3%		
Adient PLC	32,016	$ *2,519,659*
Internet & Direct Marketing Retail — 1.9%		
Liberty Expedia Holdings Inc., Class A Shares	47,272	2,095,568 *
Liberty Interactive Corp. QVC Group, Class A Shares	488,010	11,917,204 *
Liberty TripAdvisor Holdings Inc., Class A Shares	48,800	459,940 *
Liberty Ventures, Series A Shares	70,908	3,846,050 *
Total Internet & Direct Marketing Retail		*18,318,762*
Media — 17.3%		
AMC Networks Inc., Class A Shares	182,346	9,861,272 *
CBS Corp., Class B Shares, Non Voting Shares	66,175	3,904,325
Comcast Corp., Class A Shares	1,874,250	75,063,713
Discovery Communications Inc., Class A Shares	178,440	3,993,487 *
Discovery Communications Inc., Class C Shares	245,320	5,193,424 *
Liberty Broadband Corp., Class A Shares	24,289	2,065,779 *
Liberty Broadband Corp., Class C Shares	63,152	5,378,024 *
Liberty Global PLC, Class A Shares	79,367	2,844,513 *
Liberty Global PLC, Class C Shares	240,487	8,138,080 *
Liberty Global PLC LiLAC, Class A Shares	13,870	279,481 *
Liberty Global PLC LiLAC, Class C Shares	42,029	835,957 *
Liberty Media Corp.-Liberty Braves, Class A Shares	9,715	214,216 *
Liberty Media Corp.-Liberty Braves, Class C Shares	19,431	431,757 *
Liberty Media Corp.-Liberty Formula One, Class A Shares	24,289	794,736 *
Liberty Media Corp.-Liberty Formula One, Class C Shares	48,578	1,659,424 *
Liberty Media Corp.-Liberty SiriusXM, Class A Shares	97,156	3,853,207 *
Liberty Media Corp.-Liberty SiriusXM, Class C Shares	194,312	7,706,414 *
Lions Gate Entertainment Corp., Class B Shares	96,438	3,060,942 *
Madison Square Garden Co., Class A Shares	93,118	19,633,930 *
MSG Networks Inc., Class A Shares	204,356	4,138,209 *
Viacom Inc., Class B Shares	71,175	2,192,902
World Wrestling Entertainment Inc., Class A Shares	40,200	1,229,316
Total Media		*162,473,108*
Total Consumer Discretionary		**183,311,529**
Energy — 11.7%		
Energy Equipment & Services — 5.0%		
Core Laboratories NV	154,750	16,952,863
Frank's International NV	13,100	87,115

See Notes to Financial Statements.

Schedule of investments (cont'd)

December 31, 2017

ClearBridge Variable Aggressive Growth Portfolio

Security	Shares	Value
Energy Equipment & Services — continued		
National-Oilwell Varco Inc.	200,848	$ 7,234,545
Weatherford International PLC	5,473,300	22,823,661 *
Total Energy Equipment & Services		*47,098,184*
Oil, Gas & Consumable Fuels — 6.7%		
Anadarko Petroleum Corp.	1,059,855	56,850,622
Newfield Exploration Co.	200,000	6,306,000 *
Total Oil, Gas & Consumable Fuels		*63,156,622*
Total Energy		**110,254,806**
Financials — 1.4%		
Banks — 0.1%		
Sterling Bancorp	43,312	*1,065,475*
Capital Markets — 0.8%		
Cohen & Steers Inc.	160,400	*7,585,316*
Thrifts & Mortgage Finance — 0.5%		
New York Community Bancorp Inc.	370,205	*4,820,069*
Total Financials		**13,470,860**
Health Care — 37.8%		
Biotechnology — 22.5%		
Aduro Biotech Inc.	8,540	64,050 *
Agios Pharmaceuticals Inc.	68,300	3,904,711 *
Alkermes PLC	168,920	9,244,992 *
Amgen Inc.	362,055	62,961,364
Biogen Inc.	239,106	76,171,998 *
Bioverativ Inc.	119,553	6,446,298 *
ImmunoGen Inc.	119,100	763,431 *
Ionis Pharmaceuticals Inc.	232,950	11,717,385 *
Spark Therapeutics Inc.	18,930	973,381 *
Vertex Pharmaceuticals Inc.	264,800	39,682,928 *
Total Biotechnology		*211,930,538*
Health Care Equipment & Supplies — 1.8%		
Medtronic PLC	197,166	15,921,154
Wright Medical Group NV	53,325	1,183,815 *
Total Health Care Equipment & Supplies		*17,104,969*
Health Care Providers & Services — 8.2%		
UnitedHealth Group Inc.	347,790	*76,673,783*
Pharmaceuticals — 5.3%		
Allergan PLC	281,568	46,058,893
Mallinckrodt PLC	30,780	694,397 *

See Notes to Financial Statements.

ClearBridge Variable Aggressive Growth Portfolio

Security	Shares	Value
Pharmaceuticals — continued		
Valeant Pharmaceuticals International Inc.	145,211	$ 3,017,485 *
Total Pharmaceuticals		*49,770,775*
Total Health Care		**355,480,065**
Industrials — 5.5%		
Aerospace & Defense — 2.6%		
L3 Technologies Inc.	121,990	*24,135,722*
Building Products — 1.5%		
Johnson Controls International PLC	370,164	*14,106,950*
Construction & Engineering — 0.7%		
Fluor Corp.	130,170	*6,723,281*
Machinery — 0.6%		
Pentair PLC	80,441	*5,680,743*
Trading Companies & Distributors — 0.1%		
NOW Inc.	50,212	*553,838* *
Total Industrials		**51,200,534**
Information Technology — 20.2%		
Communications Equipment — 0.3%		
ARRIS International PLC	93,068	*2,390,917* *
Electronic Equipment, Instruments & Components — 3.0%		
Dolby Laboratories Inc., Class A Shares	40,000	2,480,000
Fitbit Inc., Class A Shares	15,390	87,877 *
TE Connectivity Ltd.	274,101	26,050,559
Total Electronic Equipment, Instruments & Components		*28,618,436*
Internet Software & Services — 2.5%		
Facebook Inc., Class A Shares	33,800	5,964,348 *
LogMeIn Inc.	8,368	958,136
Twitter Inc.	700,000	16,807,000 *
Total Internet Software & Services		*23,729,484*
Semiconductors & Semiconductor Equipment — 6.8%		
Broadcom Ltd.	170,140	43,708,966
Cree Inc.	139,880	5,195,143 *
Intel Corp.	326,779	15,084,119
Total Semiconductors & Semiconductor Equipment		*63,988,228*
Software — 3.3%		
Autodesk Inc.	172,250	18,056,967 *
Citrix Systems Inc.	123,700	10,885,600 *
Nuance Communications Inc.	100,000	1,635,000 *
Total Software		*30,577,567*

See Notes to Financial Statements.

Schedule of investments (cont'd)

December 31, 2017

ClearBridge Variable Aggressive Growth Portfolio

Security		Shares	Value	
Technology Hardware, Storage & Peripherals — 4.3%				
Seagate Technology PLC		557,857	$ 23,340,737	
Western Digital Corp.		220,477	17,534,536	
Total Technology Hardware, Storage & Peripherals			*40,875,273*	
Total Information Technology			**190,179,905**	
Materials — 1.7%				
Metals & Mining — 1.7%				
Freeport-McMoRan Inc.		650,180	12,327,413	*
Nucor Corp.		51,490	3,273,734	
Total Materials			**15,601,147**	
Telecommunication Services — 1.3%				
Diversified Telecommunication Services — 1.3%				
AT&T Inc.		302,053	**11,743,821**	
Total Common Stocks (Cost — $354,284,938)			**931,242,667**	
		Rights		
Rights — 0.0%				
Wright Medical Group NV, CVR (Cost — $521,025)		208,410	**314,699**	*
Total Investments before Short-Term Investments (Cost — $354,805,963)			**931,557,366**	
	Rate	Shares		
Short-Term Investments — 0.9%				
State Street Institutional Treasury Money Market Fund, Premier Class (Cost — $8,320,982)	1.157%	8,320,982	**8,320,982**	
Total Investments — 100.0% (Cost — $363,126,945)			**939,878,348**	
Liabilities in Excess of Other Assets — (0.0)%			(366,974)	
Total Net Assets — 100.0%			**$939,511,374**	

* Non-income producing security.

Abbreviation used in this schedule:

CVR — Contingent Value Rights

See Notes to Financial Statements.

Statement of assets and liabilities

December 31, 2017

Assets:	
Investments, at value (Cost — $363,126,945)	$ 939,878,348
Dividends and interest receivable	896,276
Receivable for Portfolio shares sold	220,905
Prepaid expenses	7,941
Total Assets	***941,003,470***
Liabilities:	
Payable for Portfolio shares repurchased	719,760
Investment management fee payable	592,200
Service and/or distribution fees payable	37,948
Trustees' fees payable	8,083
Accrued expenses	134,105
Total Liabilities	***1,492,096***
Total Net Assets	**$ 939,511,374**
Net Assets:	
Par value (Note 7)	$ 347
Paid-in capital in excess of par value	348,730,926
Undistributed net investment income	57,531
Accumulated net realized gain on investments	13,950,163
Net unrealized appreciation on investments and foreign currencies	576,772,407
Total Net Assets	**$ 939,511,374**
Net Assets:	
Class I	$759,106,899
Class II	$180,404,475
Shares Outstanding:	
Class I	27,932,895
Class II	6,737,554
Net Asset Value:	
Class I	$27.18
Class II	$26.78

See Notes to Financial Statements.

Statement of operations

For the Year Ended December 31, 2017

Investment Income:	
Dividends	$ 11,694,965
Interest	77,518
Refund of foreign taxes withheld (Note 1(h))	152,200
Less: Foreign taxes withheld	(53,376)
Total Investment Income	***11,871,307***
Expenses:	
Investment management fee (Note 2)	6,920,419
Service and/or distribution fees (Notes 2 and 5)	437,659
Shareholder reports	103,405
Fund accounting fees	86,256
Trustees' fees	56,993
Legal fees	34,576
Audit and tax fees	31,333
Insurance	11,833
Transfer agent fees (Note 5)	5,163
Custody fees	3,570
Interest expense	780
Miscellaneous expenses	7,161
Total Expenses	***7,699,148***
Net Investment Income	**4,172,159**
Realized and Unrealized Gain on Investments and Foreign Currency Transactions (Notes 1 and 3):	
Net Realized Gain From Investment Transactions	***60,712,772***
Change in Net Unrealized Appreciation (Depreciation) From:	
Investments	72,530,402
Foreign currencies	21,004
Change in Net Unrealized Appreciation (Depreciation)	***72,551,406***
Net Gain on Investments and Foreign Currency Transactions	**133,264,178**
Increase in Net Assets From Operations	**$137,436,337**

See Notes to Financial Statements.

Statements of changes in net assets

For the Years Ended December 31,	2017	2016
Operations:		
Net investment income	$ 4,172,159	$ 5,309,203
Net realized gain	60,712,772	57,137,925
Change in net unrealized appreciation (depreciation)	72,551,406	(55,316,980)
Increase in Net Assets From Operations	***137,436,337***	***7,130,148***
Distributions to Shareholders From (Notes 1 and 6):		
Net investment income	(4,200,042)	(5,180,052)
Net realized gains	(59,431,271)	(44,698,215)
Decrease in Net Assets From Distributions to Shareholders	***(63,631,313)***	***(49,878,267)***
Portfolio Share Transactions (Note 7):		
Net proceeds from sale of shares	59,446,026	80,341,136
Reinvestment of distributions	63,631,313	49,878,267
Cost of shares repurchased	(130,093,933)	(139,742,698)
Decrease in Net Assets From Portfolio Share Transactions	***(7,016,594)***	***(9,523,295)***
Increase (Decrease) in Net Assets	***66,788,430***	***(52,271,414)***
Net Assets:		
Beginning of year	872,722,944	924,994,358
End of year*	**$ 939,511,374**	**$ 872,722,944**
*Includes undistributed net investment income of:	$57,531	$85,684

See Notes to Financial Statements.

Financial highlights

For a share of each class of beneficial interest outstanding throughout each year ended December 31:					
Class I Shares[1]	2017	2016	2015	2014	2013
Net asset value, beginning of year	$25.08	$26.28	$30.08	$26.67	$19.01
Income (loss) from operations:					
Net investment income	0.14	0.17	0.10	0.05	0.08
Net realized and unrealized gain (loss)	3.90	0.16	(0.65)	5.37	8.94
Total income (loss) from operations	***4.04***	***0.33***	***(0.55)***	***5.42***	***9.02***
Less distributions from:					
Net investment income	(0.14)	(0.17)	(0.11)	(0.05)	(0.07)
Net realized gains	(1.80)	(1.36)	(3.14)	(1.96)	(1.29)
Total distributions	***(1.94)***	***(1.53)***	***(3.25)***	***(2.01)***	***(1.36)***
Net asset value, end of year	$27.18	$25.08	$26.28	$30.08	$26.67
Total return[2]	***16.29%***	***1.20%***	***(1.73)%***	***20.39%***	***47.78%***
Net assets, end of year (millions)	$759	$711	$749	$822	$774
Ratios to average net assets:					
Gross expenses	0.79%	0.79%	0.79%	0.80%	0.79%
Net expenses[3]	0.79	0.79	0.79	0.80	0.79
Net investment income	0.50	0.66	0.33	0.19	0.33
Portfolio turnover rate	**6%**	**6%**	**0%**	**0%**	**1%**

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

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

3 As a result of an expense limitation arrangement, effective August 3, 2015, 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 0.90%. This expense limitation arrangement cannot be terminated prior to December 31, 2019 without the Board of Trustees' consent. Prior to August 3, 2015, the expense limitation was 1.00%.

See Notes to Financial Statements.

For a share of each class of beneficial interest outstanding throughout each year ended December 31:					
Class II Shares[1]	2017	2016	2015	2014	2013
Net asset value, beginning of year	$24.74	$25.95	$29.72	$26.40	$18.84
Income (loss) from operations:					
Net investment income (loss)	0.07	0.11	0.03	(0.02)	0.02
Net realized and unrealized gain (loss)	3.84	0.15	(0.64)	5.30	8.84
Total income (loss) from operations	***3.91***	***0.26***	***(0.61)***	***5.28***	***8.86***
Less distributions from:					
Net investment income	(0.07)	(0.11)	(0.02)	(0.00)[2]	(0.01)
Net realized gains	(1.80)	(1.36)	(3.14)	(1.96)	(1.29)
Total distributions	***(1.87)***	***(1.47)***	***(3.16)***	***(1.96)***	***(1.30)***
Net asset value, end of year	$26.78	$24.74	$25.95	$29.72	$26.40
Total return[3]	***15.99%***	***0.94%***	***(1.94)%***	***20.08%***	***47.37%***
Net assets, end of year (millions)	$180	$162	$176	$152	$87
Ratios to average net assets:					
Gross expenses	1.04%	1.04%	1.04%	1.05%	1.05%
Net expenses[4]	1.04	1.04	1.04	1.05	1.05
Net investment income (loss)	0.25	0.42	0.09	(0.06)	0.09
Portfolio turnover rate	**6%**	**6%**	**0%**	**0%**	**1%**

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

2 Amount represents less than $0.005 per share.

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.

4 As a result of an expense limitation arrangement, effective August 3, 2015, the ratio of total annual fund operating expenses, other than interest, brokerage, taxes, extraordinary expenses and acquired fund fees and expenses, to average net assets of Class II shares did not exceed 1.15%. This expense limitation arrangement cannot be terminated prior to December 31, 2019 without the Board of Trustees' consent. Prior to August 3, 2015, the expense limitation was 1.25%.

See Notes to Financial Statements.

Notes to financial statements

1. Organization and significant accounting policies

ClearBridge Variable Aggressive 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 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. Prior to December 1, 2017, short-term fixed income securities that would mature in 60 days or less were valued at amortized cost, unless it was determined that using this method would not reflect an investment's fair value. 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 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)

Notes to financial statements (cont'd)

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	$931,242,667	—	—	$931,242,667
Rights	314,699	—	—	314,699
Total long-term investments	931,557,366	—	—	931,557,366
Short-term investments†	8,320,982	—	—	8,320,982
Total investments	**$939,878,348**	**—**	**—**	**$939,878,348**

† See Schedule of Investments for additional detailed categorizations.

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

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

Net realized foreign exchange gains or losses arise from sales of foreign currencies, including gains and losses on forward foreign currency contracts, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Portfolio's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the values of assets and liabilities, other than investments in securities, on the date of valuation, resulting from changes in exchange rates.

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

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

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

(e) 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) 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.

(g) 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.

(h) 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, 2017, 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.

On March 8, 2017, the Portfolio received $152,200 from the Finnish Tax Administration for the refund of withholding taxes on dividends, plus interest, previously paid by the Portfolio.

(i) 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 following reclassifications have been made:

	Undistributed Net Investment Income	Accumulated Net Realized Gain
(a)	$(270)	$270

(a) Reclassifications are due to book/tax differences in the treatment of distributions.

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 ("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 $1 billion	0.750%
Next $1 billion	0.725
Next $3 billion	0.700
Next $5 billion	0.675
Over $10 billion	0.650

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 expense limitation arrangements between the Portfolio and LMPFA, the ratio of total annual fund operating expenses, other than interest, brokerage, taxes, extraordinary expenses and acquired fund fees and expenses, to average net assets of Class I and Class II shares did not exceed 0.90% and 1.15%, respectively. These expense limitation arrangements cannot be terminated prior to December 31, 2019 without the Board of Trustees' consent.

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.

The Portfolio is permitted to purchase or sell securities from or to certain other affiliated funds or portfolios under specified conditions outlined in procedures adopted by the Board of Trustees. The procedures have been designed to provide assurance that any purchase or sale of securities by the Portfolio from or to another fund or portfolio that is, or could be considered, an affiliate by virtue of having a common investment manager or subadviser (or affiliated investment manager or subadviser), common Trustees and/or common officers complies with Rule 17a-7 under the 1940 Act. Further, as defined under the procedures, each transaction is effected at the current market price. For the year ended December 31, 2017, such purchase and sale transactions were $32,393,000 and $0, respectively.

3. Investments

During the year ended December 31, 2017, the aggregate cost of purchases and proceeds from sales of investments (excluding short-term investments) were as follows:

Purchases	$56,157,358
Sales	75,363,506

At December 31, 2017, 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	$362,898,444	$602,836,363	$(25,856,459)	$576,979,904

4. Derivative instruments and hedging activities

During the year ended December 31, 2017, the Portfolio did not invest in derivative instruments.

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

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

For the year ended December 31, 2017, class specific expenses were as follows:

	Service and/or Distribution Fees	Transfer Agent Fees
Class I	—	$3,225
Class II	$437,659	1,938
Total	**$437,659**	**$5,163**

6. Distributions to shareholders by class

	Year Ended December 31, 2017	Year Ended December 31, 2016
Net Investment Income:		
Class I	$ 3,737,986	$ 4,530,099
Class II	462,056	649,953
Total	**$ 4,200,042**	**$ 5,180,052**
Net Realized Gains:		
Class I	$47,903,217	$36,339,680
Class II	11,528,054	8,358,535
Total	**$59,431,271**	**$44,698,215**

7. Shares of beneficial interest

At December 31, 2017, the Trust had an unlimited number of shares of beneficial interest authorized with a par value of $0.00001 per share. The Portfolio has the ability to issue multiple classes of shares. Each class of shares represents an identical interest and has the same rights, except that each class bears certain direct expenses, including those specifically related to the distribution of its shares.

Transactions in shares of each class were as follows:

	Year Ended December 31, 2017		Year Ended December 31, 2016	
	Shares	Amount	Shares	Amount
Class I				
Shares sold	975,599	$ 26,635,591	1,455,549	$ 36,475,838
Shares issued on reinvestment	1,920,969	51,641,203	1,618,511	40,869,779
Shares repurchased	(3,316,726)	(90,762,072)	(3,228,128)	(81,644,230)
Net decrease	**(420,158)**	**$(12,485,278)**	**(154,068)**	**$ (4,298,613)**
Class II				
Shares sold	1,220,625	$ 32,810,435	1,767,576	$ 43,865,298
Shares issued on reinvestment	452,619	11,990,110	361,622	9,008,488
Shares repurchased	(1,468,953)	(39,331,861)	(2,370,850)	(58,098,468)
Net increase (decrease)	**204,291**	**$ 5,468,684**	**(241,652)**	**$ (5,224,682)**

8. Income tax information and distributions to shareholders

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

	2017	2016
Distributions paid from:		
Ordinary income	$ 4,551,896	$ 5,824,898
Net long-term capital gains	59,079,417	44,053,369
Total distributions paid	**$63,631,313**	**$49,878,267**

As of December 31, 2017, the components of accumulated earnings (losses) on a tax basis were as follows:

Undistributed ordinary income — net	$ 164,238
Undistributed long-term capital gains — net	13,721,662
Total undistributed earnings	13,885,900
Other book/tax temporary differences [a]	(106,707)
Unrealized appreciation (depreciation)[b]	577,000,908
Total accumulated earnings (losses) — net	**$590,780,101**

[a] Other book/tax temporary differences are attributable to the book/tax differences in the timing of the deductibility of various expenses.

[b] The difference between book-basis and tax-basis unrealized appreciation (depreciation) is attributable to the tax deferral of losses on wash sales and book/tax differences in the basis of certain investments.

9. Recent accounting pronouncement

In October 2016, the U.S. Securities and Exchange Commission adopted new rules and amended existing rules (together, the "final rules") intended to modernize the reporting and disclosure of information by registered investment companies. In part, the final rules amend Regulation S-X and require standardized, enhanced disclosure about derivatives in investment company financial statements, as well as other amendments. The compliance date for the amendments to Regulation S-X was August 1, 2017. The Portfolio has adopted the amendments to Regulation S-X and, upon evaluation, has concluded that the amendments do not materially impact the financial statement amounts; however, as required, additional or enhanced disclosure has been included.

Report of independent registered public accounting firm

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

Opinion on the financial statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of ClearBridge Variable Aggressive Growth Portfolio (one of the funds constituting Legg Mason Partners Variable Equity Trust, referred to hereafter as the "Fund") as of December 31, 2017, and the related statements of operations and changes in net assets, including the related notes, and the financial highlights for the year ended December 31, 2017 (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, 2017, and the results of its operations, changes in its net assets, and the financial highlights for the year ended December 31, 2017 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 statement of changes in net assets and the financial highlights) were audited by other auditors whose report dated February 15, 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 audit. 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 audit 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 audit 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 audit 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, 2017 by correspondence with the custodian and brokers. We believe that our audit provides a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP

Baltimore, MD
February 13, 2018

We have served as the auditor of one or more investment companies in the Legg Mason investment company group since at least 1973. We have not determined 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 Aggressive Growth 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 ("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 degree to which the Manager implemented organizational changes to improve investment results and 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 also 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 multi-cap core funds underlying variable insurance products (the "Performance Universe") selected by 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, 2017. The Fund performed better than the median performance of the funds in the Performance Universe for the one-, five- and ten-year periods and was ranked in the first quintile of the funds in the Performance Universe for the five- and ten-year periods, but performed below the median performance of the funds in the Performance Universe for the three-year period.

The Board reviewed performance information provided by the Manager for periods ended September 30, 2017, 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, 2017 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 (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.

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 the Fund's overall expense ratio with those of a group of nine multi-cap core 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 multi-cap core funds underlying variable insurance products (the

"Expense Universe"). This information showed that the Fund's Contractual Management Fee was higher than the median of management fees paid by the funds in the Expense Group and the funds in the Expense Universe, and that the Fund's total expense ratio was higher than the median of the total expense ratios of the funds in the Expense Group and the funds in the Expense Universe. The Trustees also noted the Manager's fee waiver and/or expense reimbursement arrangement.

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 slightly 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 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 to Fund shareholders.

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 Aggressive Growth 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†

Paul R. Ades

Year of birth	1940
Position(s) with Trust	Trustee
Term of office[1] and length of time served[2]	Since 1983
Principal occupation(s) during past five years	Paul R. Ades, PLLC (law firm) (since 2000)
Number of funds in fund complex overseen by Trustee	49
Other board memberships held by Trustee during past five years	None

Andrew L. Breech

Year of birth	1952
Position(s) with Trust	Trustee
Term of office[1] and length of time served[2]	Since 1991
Principal occupation(s) during past five years	President, Dealer Operating Control Service, Inc. (automotive retail management) (since 1985)
Number of funds in fund complex overseen by Trustee	49
Other board memberships held by Trustee during past five years	None

Dwight B. Crane

Year of birth	1937
Position(s) with Trust	Trustee
Term of office[1] and length of time served[2]	Since 1981
Principal occupation(s) during 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	49
Other board memberships held by Trustee during past five years	None

Independent Trustees cont'd

Althea L. Duersten

Year of birth	1951
Position(s) with Trust	Trustee
Term of office[1] and length of time served[2]	Since 2014
Principal occupation(s) during 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	49
Other board memberships held by Trustee during past five years	None

Frank G. Hubbard

Year of birth	1937
Position(s) with Trust	Trustee
Term of office[1] and length of time served[2]	Since 1993
Principal occupation(s) during 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	49
Other board memberships held by Trustee during past five years	None

Howard J. Johnson

Year of birth	1938
Position(s) with Trust	Trustee and Chairman
Term of office[1] and length of time served[2]	From 1981 to 1998 and since 2000 (Chairman since 2013)
Principal occupation(s) during past five years	Chief Executive Officer, Genesis Imaging LLC (technology company) (since 2003)
Number of funds in fund complex overseen by Trustee	49
Other board memberships held by Trustee during past five years	None

Jerome H. Miller

Year of birth	1938
Position(s) with Trust	Trustee
Term of office[1] and length of time served[2]	Since 1995
Principal occupation(s) during past five years	Retired
Number of funds in fund complex overseen by Trustee	49
Other board memberships held by Trustee during past five years	None

Additional information (unaudited) (cont'd)

Information about Trustees and Officers

Independent Trustees cont'd

Ken Miller

Year of birth	1942
Position(s) with Trust	Trustee
Term of office[1] and length of time served[2]	Since 1983
Principal occupation(s) during 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	49
Other board memberships held by Trustee during past five years	None

John J. Murphy

Year of birth	1944
Position(s) with Trust	Trustee
Term of office[1] and length of time served[2]	Since 2002
Principal occupation(s) during past five years	President (since 2017) and formerly, Founder and Senior Principal (1983 to 2017), Murphy Capital Management (investment management); and Senior Vice President, Peapack-Gladstone Bank (commercial bank) (since 2017)
Number of funds in fund complex overseen by Trustee	49
Other board memberships held by Trustee during past five years	Trustee, UBS Funds (24 funds) (since 2008); Trustee, Consulting Group Capital Markets Funds (11 funds) (since 2002); Director, Fort Dearborn Income Securities, Inc. (2013 to 2016)

Thomas F. Schlafly

Year of birth	1948
Position(s) with Trust	Trustee
Term of office[1] and length of time served[2]	Since 1983
Principal occupation(s) during 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	49
Other board memberships held by Trustee during past five years	Director, Citizens National Bank of Greater St. Louis (since 2006)

Interested Trustee and Officer

Jane Trust[3]

Year of birth	1962
Position(s) with Trust	Trustee, President and Chief Executive Officer
Term of office[1] and length of time served[2]	Since 2015
Principal occupation(s) during past five years	Managing Director of Legg Mason & Co., LLC ("Legg Mason & Co.") (since 2016); Officer and/or Trustee/Director of 148 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	141
Other board memberships held by Trustee during 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[1] and length of time served[2]	Since 2007
Principal occupation(s) during past five years	Director of Global Compliance at Legg Mason (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)

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[1] and length of time served[2]	Since 2013
Principal occupation(s) during 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)

Information about Trustees and Officers

Additional Officers cont'd

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[1] and length of time served[2]	Since 2015
Principal occupation(s) during 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[1] and length of time served[2]	Since 2007
Principal occupation(s) during past five years	Vice President and Deputy General Counsel of Legg Mason (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)

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[1] and length of time served[2]	Since 2007
Principal occupation(s) during 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)

Additional Officers cont'd

Richard F. Sennett

Legg Mason
100 International Drive, 7th Floor, Baltimore, MD 21202

Year of birth	1970
Position(s) with Trust	Principal Financial Officer
Term of office[1] and length of time served[2]	Since 2011
Principal occupation(s) during past five years	Principal Financial Officer and Treasurer of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2011 and since 2013); Managing Director of Legg Mason & Co. and Senior Manager of the Treasury Policy group for Legg Mason & Co.'s Global Fiduciary Platform (since 2011); formerly, Chief Accountant within the SEC's Division of Investment Management (2007 to 2011); Assistant Chief Accountant within the SEC's Division of Investment Management (2002 to 2007)

Christopher Berarducci

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

Year of birth	1974
Position(s) with Trust	Treasurer
Term of office[1] and length of time served[2]	Since 2014
Principal occupation(s) during past five years	Director of Legg Mason & Co. (since 2015); Treasurer of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2010); 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[1] and length of time served[2]	Since 2007
Principal occupation(s) during 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").

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

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

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

Additional information (unaudited) (cont'd)

Change in Independent Registered Public Accounting Firm

On August 14, 2017, KPMG LLP ("KPMG") resigned, at the request of the Portfolio, as the independent registered public accounting firm to the Portfolio. The Audit Committee of the Portfolio's Board of Trustees participated in, and approved, the decision to change the independent registered public accounting firm. KPMG's reports on the Portfolio's financial statements for the fiscal periods ended December 31, 2016 and December 31, 2015 contained no adverse opinion or disclaimer of opinion nor were they qualified or modified as to uncertainty, audit scope or accounting principle. During the Portfolio's fiscal periods ended December 31, 2016 and December 31, 2015 and the subsequent interim period through August 14, 2017, (i) there were no disagreements with KPMG on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of KPMG, would have caused them to make reference to the subject matter of the disagreements in connection with their reports on the Portfolio's financial statements for such periods, and (ii) there were no "reportable events" of the kind described in Item 304(a)(1)(v) of Regulation S-K under the Securities Exchange Act of 1934, as amended.

The Audit Committee of the Portfolio's Board of Trustees approved the engagement of PricewaterhouseCoopers LLP ("PwC") as the Portfolio's independent registered public accounting firm for the fiscal year ending December 31, 2017. The selection of PwC does not reflect any disagreements with or dissatisfaction by the Portfolio or the Board of Trustees with the performance of the Portfolio's prior independent registered public accounting firm, KPMG. During the Portfolio's fiscal periods ended December 31, 2016 and December 31, 2015, and the subsequent interim period through August 14, 2017, neither the Portfolio, nor anyone on its behalf, consulted with PwC on items which: (i) concerned the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Portfolio's financial statements; or (ii) concerned the subject of a disagreement (as defined in paragraph (a)(1)(iv) of Item 304 of Regulation S-K) or reportable events (as described in paragraph (a)(1)(v) of said Item 304).

Important tax information (unaudited)

The following information is provided with respect to the distributions paid during the taxable year ended December 31, 2017:

Record date:	6/12/2017	12/14/2017
Payable date:	6/13/2017	12/15/2017
Ordinary income:		
Dividends qualifying for the dividends		
received deduction for corporations	100.00%	100.00%
Long-term capital gain dividend	$0.359020	$1.431260

Please retain this information for your records.

(This page intentionally left blank.)

(This page intentionally left blank.)

(This page intentionally left blank.)

(This page intentionally left blank.)

(This page intentionally left blank.)

(This page intentionally left blank.)

(This page intentionally left blank.)

ClearBridge
Variable Aggressive Growth Portfolio

Investment manager
Legg Mason Partners Fund Advisor, LLC

Subadviser
ClearBridge Investments, LLC

Distributor
Legg Mason Investor Services, LLC

Custodian
State Street Bank and Trust Company

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

Independent registered public accounting firm
PricewaterhouseCoopers LLP
Baltimore, MD

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

ClearBridge Variable Aggressive Growth 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 on Form N-Q. The Portfolio's Forms N-Q are available on the SEC's website at www.sec.gov. The Portfolio's Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C., and information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. To obtain information on Form N-Q, 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 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 Aggressive 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.leggmason.com

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 and certain closed-end funds managed or sub-advised by Legg Mason or its affiliates. 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;
- 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 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 marketing services solely for the Funds;
- The Funds' representatives such as legal counsel, accountants and auditors; and
- Fiduciaries or representatives acting on your behalf, such as an IRA custodian or trustee of a grantor trust.

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

Except as otherwise permitted by applicable law, companies acting on the Funds' behalf 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, or if you have questions about the Funds' privacy practices, 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, or contact the Fund at 1-877-721-1926.

FDXX010541 2/18 SR18-3267