FRANKLIN TEMPLETON

ClearBridge

ClearBridge Value Fund

Class C: LMVTX Class A: LGVAX — **Commentary | as of June 30, 2025**

Key Takeaways

- **Markets:** U.S. equities bounced back from a first-quarter correction and survived tariff, growth and geopolitical scares to deliver solid gains in the second quarter of 2025. The broad market S&P 500 Index returned 10.9%. Stocks fell to begin the quarter after President Trump unveiled wide-ranging reciprocal tariffs on April 2 but recovered as delay in their implementation, a handful of bilateral trade deals and a softened tone from Trump on both China and Federal Reserve policy improved the outlook. The month of May then delivered the best monthly performance for the S&P 500 since November 2023 as the trade picture continued to brighten, while in June markets looked past Middle East conflicts to finish the quarter at all-time highs.
- **Contributors:** Holdings in Vistra, Microchip Technology, Micron Technology. Stock selection in the communication services, materials and financials sectors.
- **Detractors**: Holdings in UnitedHealth Group, PG&E and Fiserv. Stock selection in the consumer staples sector, overweights to health care and energy, underweight to IT.
- **Outlook**: We think tariffs and immigration policies will result in higher inflation and less growth in the second half of the year. We are finding opportunities in areas like real assets, including gold and copper, which are cheap insurance against higher inflation, a lower U.S. dollar and the ongoing geopolitical risks.

Performance Review

- The Strategy outperformed its Russell 1000 Value benchmark during the second quarter, as positive stock selection in sectors such as utilities, communication services and materials overcame detractors within our asset allocations.
- The resurgence of investor interest in the AI theme fueled strong performance of merchant power producers Vistra and Talen Energy, driving relative outperformance in the utilities sector. Both companies stand to benefit from the strong, long-term trend toward higher power prices as AI development continues to require new data centers brought online and greater power supply.
- In communication services, one of our leading contributors was recent addition Walt Disney. We initiated a position in the entertainment company during the first-quarter tariff volatility, as fundamentals were turning higher and earnings estimates began to rise as its streaming business continued to scale.
- Microchip Technology's shares continued to climb following fourth quarter fiscal results that exceeded analyst expectations and raised its first quarter revenue target due to strong bookings and inventory reduction for its smart, connected, and secure embedded control solutions including microprocessors and microcontrollers.
- Our overweight to the health care sector weighed on relative performance due to investor anxiety over Trump's announced plans to regulate drug prices. These headwinds weighed broadly on our pharmaceutical and biotech holdings, such as Johnson & Johnson and Gilead.
- UnitedHealth Group, the leading health insurance company, derated due to a weaker outlook on higher than anticipated medical costs and revenue shortfalls. Despite the remaining earnings risk and a government investigation into its billing practices, we like the return of its well-respected veteran leader Steve Hemsley to the CEO position and the potential to recover underwriting margins in its Medicare Advantage business.
- Among our largest new positions was Newmont, a gold and precious metals miner. In addition to adding a level of insulation against further deterioration of the U.S. federal debt situation, as gold prices would likely rally, Newmont's ability to generate free cash flows has tracked gold prices higher — a fundamental tailwind that has not yet been captured at its current valuation.
- We exited PepsiCo as the continued lack of a clear strategy to turn around the slide in snacks continues to weigh on PepsiCo's long-term trajectory.

Outlook

- If the post-2008 era was defined by surpluses — of capital, labor, goods and trust — the post-2025 world will feature scarcity. In this new era, governments are racing to localize supply chains and build strategic stockpiles, meaning large-scale duplication of infrastructure and manufacturing across a world increasingly split between the West and the East in order to ensure military systems, energy supply, metals and food reserves and pharmaceuticals.
- Higher nominal GDP growth — driven by fiscal expansion and sticky inflation — has historically favored value and cyclicals over growth and defensives. Sectors tied to industrial activity, energy production and raw materials are poised to re-rate as supply chains are rebuilt and infrastructure modernized. Companies that enable automation, electrification and energy efficiency — solutions to cost pressure — stand to benefit, as do firms with real assets, pricing power and capital intensity, especially in infrastructure and heavy industry.
- Currently, we think the U.S. economy is being supported by continued fiscal expansion, with deficits running at levels more typical of recessions. While the unsustainability of continued fiscal expansion is causing major macro concerns, for now deficit spending continues to support the U.S. economy and shield it from the shocks of tariffs and ongoing geopolitical shifts.
- However, we think tariffs and immigration policies will result in higher inflation and less growth in the second half of the year. We are finding opportunities in areas like real assets, including gold and copper, which are cheap insurance against higher inflation, a lower U.S. dollar and the ongoing geopolitical risks. On the other side, AI spending and growth will occur regardless of the macro environment, and we continue to benefit from the enablers of AI such as power and computational memory.

Morningstar Rating™

Overall Rating as of June 30, 2025

★★★ **(3-Star)** Class C

★★★★ **(4-Star)** Class A

As of 06/30/2025 the fund's Class A shares received a 4 star and Class C shares received a 3 star overall Morningstar rating™, measuring risk-adjusted returns against 1088, 1023 and 821 Large Value funds over the 3-, 5- and 10- year periods, respectively. A fund's overall rating is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) rating metrics.

Top Holdings (% of Total)

Holding	Fund
Bank Of America Corp	3.38
Corebridge Financial Inc	2.59
The Walt Disney Company	2.58
EQT Corp.	2.50
Micron Technology Inc.	2.40
Johnson & Johnson	2.38
Unitedhealth Group Inc	2.03
Meta Platforms Inc. (FB)	2.02
Siemens AG	2.00
CVS Health	1.97

Sector Allocation (% of Total)

Sector	Fund
Financials	22.45
Health Care	17.89
Industrials	10.51
Energy	9.78
Materials	7.56
Information Technology	7.29
Communication Services	5.66
Utilities	5.59
Other	11.18
Cash & Cash Equivalents	2.08

Average annual total returns and fund expenses (%) - as of June 30, 2025

			Without Sales Charge							With Maximum Sales Charge							Expenses		Sales Charges		Inception
Class	CUSIP	Ticker	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Inception	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Inception	Gross	Net	Initial Charge	CDSC	Date
Class C	524686615	LMVTX	3.61	2.58	8.01	14.81	16.50	9.16	11.31	2.66	1.63	7.08	14.81	16.50	9.16	11.31	1.76	1.74	–	0.95	4/16/1982
Class A	524686623	LGVAX	3.81	2.93	8.79	15.63	17.32	9.92	13.10	-1.91	-2.72	2.81	13.37	15.94	9.27	12.70	1.04	1.01	5.50	–	2/2/2009
Benchmark	–	–	3.79	6.00	13.70	12.76	13.93	9.19	–	3.79	6.00	13.70	12.76	13.93	9.19	–	–	–	–	–	–

Benchmark(s)

Benchmark =Russell 1000 Value Index

Performance data quoted represents past performance, which does not guarantee future results. *Current performance may be lower or higher than the figures shown. Principal value and investment returns will fluctuate, and investors' shares, when redeemed, may be worth more or less than the original cost. Performance would have been lower if fees had not been waived in various periods. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. Returns with sales charge reflect a deduction of the stated maximum sales charge. An investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. Returns for periods of less than one year are not annualized. All classes of shares may not be available to all investors or through all distribution channels. For current month-end performance, please visit franklintempleton.com.*
Gross expenses are the fund's total annual operating expenses as of the fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns. Net expenses reflect contractual fee waivers, expense caps and/or reimbursements, which cannot be terminated prior to 12/31/2026 without Board consent. Additional amounts may be voluntarily waived and/or reimbursed and may be modified or discontinued at any time without notice.
Maximum sales charges have been updated as of August 15, 2022, please refer the Fund's prospectus for more information.

What are the Risks?

All investments involve risks, including possible loss of principal. Equity securities are subject to price fluctuation and possible loss of principal. The **investment style** may become out of favor, which may have a negative impact on performance. **Large-capitalization companies** may fall out of favor with investors based on market and economic conditions. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. To the extent the portfolio invests in a **concentration of certain securities, regions or industries**, it is subject to increased volatility. **International investments** are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in **emerging markets**. The manager may consider **environmental, social and governance (ESG) criteria** in the research or investment process; however, ESG considerations may not be a determinative factor in security selection. In addition, the manager may not assess every investment for ESG criteria, and not every ESG factor may be identified or evaluated. These and other risks are discussed in the fund's prospectus.

Glossary

Free cash flow (FCF) is a measure of financial performance calculated as operating cash flow minus capital expenditures.

The **S&P 500 Index** features 500 leading U.S. publicly traded companies, with a primary emphasis on market capitalization. Source: © S&P Dow Jones Indices LLC. All rights reserved.

Important Information

The information provided is not a complete analysis of every material fact regarding any country, market, industry, security or fund. Because market and economic conditions are subject to change, comments, opinions and analyses are rendered as of the date of this material and may change without notice. A portfolio manager's assessment of a particular security, investment or strategy is not intended as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy; it is intended only to provide insight into the fund's portfolio selection process. Holdings are subject to change.

The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. Source: FTSE.

Important data provider notices and terms available at www.franklintempletondatasources.com. All data is subject to change.

Morningstar Rating™: Source: Morningstar®, 06/30/2025. For each mutual fund and ETF with at least a 3-year history, Morningstar calculates a Morningstar Rating™ based on how a fund ranks on a Morningstar Risk-Adjusted Return measure against other funds in the same category. This measure takes into account variations in a fund's monthly performance, and does not take into account the effects of sales charges and loads, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The weights are: 100% 3-year rating for 36-59 months of total returns, 60% 5-year rating/40% 3-year rating for 60-119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent 3-year period actually has the greatest impact because it is included in all three rating periods. The fund's Class A shares received a Morningstar Rating of 4, 4 and 3 and fund's Class C shares received a Morningstar Rating of 4, 4 and 2 star(s) for the 3-, 5- and 10-year periods, respectively. Franklin Templeton provides this fund's Morningstar Rating™ for Class A and Class C shares only. Other share classes may have different Morningstar ratings.

Before investing, carefully consider a fund's investment objectives, risks, charges and expenses. You can find this and other information in each prospectus, or summary prospectus, if available, at www.franklintempleton.com. Please read it carefully.

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