FRANKLIN TEMPLETON | ClearBridge

ClearBridge Value Fund

Class C: LMVTX Class A: LGVAX | **Commentary | as of June 30, 2026**

Key Takeaways

- **Markets:** The second quarter of 2026 saw a sharp equity recovery, with AI-related capital spending and improved risk appetite driving a growth-led rebound. The Russell 1000 Growth Index returned 16.7%, compared with gains of 15.1% for the Russell 1000 Index and 13.9% for the Russell 1000 Value Index. Value remained substantially ahead year to date, however, with the Russell 1000 Value Index returning 16.3% compared with 10.3% for the Russell 1000 Index and 5.3% for the Russell 1000 Growth Index. Leadership began to broaden late in the quarter as investors reassessed geopolitical risk, inflation pressures and semiconductor valuations.
- **Contributors:** Holdings in Micron Technology and CVS Health, not owning Exxon Mobil. Stock selection in communication services, health care and information technology (IT).
- **Detractors**: Holdings in ConocoPhillips and Chevron, not owning Intel. Underweight to IT and overweights to energy and materials.
- **Outlook**: The fact that value continues to lead growth on a year-to-date basis suggests investors are still rewarding tangible earnings power and balance sheet durability beneath the AI-led rebound. In this environment, we believe selectivity is essential, with a focus on resilient balance sheets, visible cash generation and companies capable of compounding value across a range of macro outcomes.

Top Securities (% of Total)

Holding	Fund
Amazon.Com, Inc.	6.80
Bank Of America Corp	3.66
Johnson & Johnson	3.17
CVS Health	2.64
Unitedhealth Group Inc	2.47
Chevron Corp	2.36
ConocoPhillips	2.04
FIFTH THIRD BANCORP	1.88
Block Inc	1.81
Johnson Controls Int'l	1.74

Performance Review

- The Fund generated solid absolute returns but underperformed its Russell 1000 Value Index benchmark during the second quarter, as the same forces that powered the broader market recovery created mixed implications for relative performance. The AI-led rebound benefited several holdings tied to infrastructure demand, but our valuation discipline limited exposure to some of the benchmark's most extended areas, while the late-quarter pullback in oil prices turned our energy positioning into a relative headwind.
- Communication services was the largest contributor to relative results, led by Alphabet. Strong first-quarter earnings helped reframe AI from a pure capital spending concern to a monetization story, with Google Cloud benefiting from enterprise AI solutions and infrastructure, margins expanding and search remaining resilient. This reinforced the durability of Alphabet's core franchise even as AI reshapes the competitive landscape.
- Health care also contributed, with CVS Health and UnitedHealth Group benefiting from improved sentiment toward managed care. CVS rose as stronger first-quarter earnings, raised full-year guidance and better performance in its health benefits business supported confidence in the company's turnaround, while reduced policy uncertainty around exchange subsidies also helped. UnitedHealth advanced as better cost trends and a more favorable outlook helped rebuild confidence after prior pressure on margins. These gains were partially offset by Boston Scientific, which declined on continued weakness in WATCHMAN, its device used to reduce stroke risk in patients with irregular heart rhythms, and concerns over share loss in electrophysiology.
- Within IT, stock selection was beneficial, led by Micron Technology, the Fund's best-performing holding for the quarter. The stock was supported by growing confidence in the AI-driven memory cycle, with strong demand for high-bandwidth memory used in AI servers reinforcing expectations for pricing strength and earnings growth. Taiwan Semiconductor also contributed as leading-edge semiconductor demand and AI-related capacity investment remained strong. These gains helped performance but did not fully offset the benchmark impact of being underweight one of the market's strongest sectors.
- Energy was the other main detractor, with both ConocoPhillips and Chevron declining as easing Middle East tensions and negotiations between the U.S. and Iran resulted in a pullback in crude prices. Despite this pressure, we continue to have high conviction in the sector: the Iran episode reinforced the importance of energy security, supply-chain resilience and capital discipline, while depleted inventories should support durable cash flow opportunities for well-capitalized, low-cost producers.

Outlook

- As we move into the second half of the year, investors will need to navigate a market that is less one-dimensional than the rally in headline indexes suggests. AI-related demand remains a powerful support, but elevated valuations, shifting equity supply and large infrastructure capital needs could make markets more sensitive to changes in flows and risk appetite. Energy also remains an important swing factor, with depleted inventories keeping attention on energy security, infrastructure resilience and capital discipline.
- The fact that value continues to lead growth on a year-to-date basis suggests investors are still rewarding tangible earnings power and balance sheet durability beneath the AI-led rebound. In this environment, we believe selectivity is essential, with a focus on resilient balance sheets, visible cash generation and companies capable of compounding value across a range of macro outcomes.

Not FDIC Insured | No Bank Guarantee | May Lose Value

Average annual total returns and fund expenses (%) - as of June 30, 2026

			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	10.19	11.28	19.01	15.07	9.60	11.62	11.48	9.24	10.33	18.06	15.07	9.60	11.62	11.48	1.71	1.71	—	0.95	4/16/1982
Class A	524686623	LGVAX	10.38	11.66	19.83	15.88	10.38	12.39	13.48	4.30	5.51	13.24	13.73	9.08	11.73	13.10	1.04	1.01	5.50	—	2/2/2009
Benchmark	—	—	13.87	16.26	27.12	17.79	11.17	11.52	—	13.87	16.26	27.12	17.79	11.17	11.52	—	—	—	—	—	—

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 12/31/2027 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

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

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

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.

Holdings are provided for informational purposes only and should not be construed as a recommendation to purchase or sell any security.

© 2026 Franklin Templeton. Franklin Distributors, LLC. Member FINRA/SIPC. All entities mentioned are Franklin Templeton Companies.

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.

FRANKLIN TEMPLETON