

ClearBridge Value Fund

Class C: LMVTX Class A: LGVAX

Commentary | as of March 31, 2026

Key Takeaways

- **Markets:** The first quarter of 2026 was defined by heightened macro-driven volatility, as markets contended with geopolitical shocks, shifting rate expectations and evolving economic expectations. Against this backdrop, value stocks outperformed meaningfully, with the benchmark Russell 1000 Value Index returning 2.1% and the Russell 1000 Index and the Russell 1000 Growth Index falling 4.2% and 9.8%, respectively. Elevated valuations within growth equities left them more susceptible to multiple compression as interest rate expectations moved higher and uncertainty increased, while value-oriented sectors — particularly those tied to energy and other real assets — benefited from rising commodity prices and improving earnings expectations.
- **Contributors:** Holdings in Chevron, Micron Technology and SLB. Overweight to energy, stock selection in the health care and materials sectors.
- **Detractors:** Holdings in Salesforce, Corebridge Financial and not owning Exxon Mobil. Stock selection in the energy, information technology (IT) and consumer staples sectors.
- **Outlook:** We are beginning to see signs of a potential broadening in market leadership, with sectors tied to more tangible demand drivers such as energy and industrials appearing better supported. While the near-term path is likely to remain uneven, this environment should continue to create opportunities for disciplined, long-term investors.

Performance Review

- The Fund generated positive absolute returns (gross of fees) in a quarter that saw a broad pullback in equities but trailed its Russell 1000 Value benchmark as stock selection in the information technology (IT) and consumer staples sectors overcame positive contributions from our holdings in health care and materials.
- In IT, weakness in software and IT services reflected growing investor uncertainty around AI's potential for disruption to traditional service platforms and its subsequent impact on business models and spending priorities. Enterprise-focused software and services companies, including Salesforce and Amdocs, came under pressure as investors reacted to signs of moderating demand and more cautious forward outlooks, alongside concerns that incremental AI-related investment and sales spending could limit further margin expansion. We exited both positions during the quarter.
- In consumer staples, negative performance was largely driven by our position in energy drink company Celsius. Rising competitive pressures following Costco's launch of a lower-priced private-label energy drink raised fears of demand disruption and pricing pressure; concerns that future inflationary pressures could hurt consumer spending also weighed on shares.
- In energy, strong performance of several of our holdings and our overweight to the sector overcame the drag from not owning Exxon Mobil. Energy providers Chevron, ConocoPhillips and EQT, along with energy infrastructure provider SLB, were supported by a sharp increase in oil, gasoline and natural gas prices driven by geopolitical tensions in the Middle East. This helped strengthen the earnings outlook for upstream producers and the overall outlook for energy infrastructure both in the Middle East (damaged energy assets will need to be rebuilt) and outside the Gulf.
- Health care was a notable area of strength during the quarter, benefiting both from positive contributions within the portfolio and from its perceived defensive characteristics amid the broader market volatility. Johnson & Johnson delivered better-than-expected results, driven by strong performance from key pharmaceutical products and resilient demand across its medtech business. This combination of solid execution and defensive positioning helped support the stock during periods of broader market weakness.
- Materials was another contributor to relative performance, as rising input prices and tightening supply conditions as well as supply constraints and geopolitical developments drove improving pricing dynamics across key markets. Corteva advanced as tightening global fertilizer markets — exacerbated by disruptions to natural gas and fertilizer supply chains in the Middle East — improved pricing power across the agricultural value chain. Similarly, Freeport-McMoRan benefited from higher copper prices, driven by a combination of improving demand expectations and ongoing supply constraints.
- We were particularly active within the health care sector during the quarter, initiating new positions in Eli Lilly, Alnylam Pharmaceuticals and Boston Scientific. In each case, our activity reflects a focus on taking advantage of dislocations created by short-term uncertainty and reallocating capital toward more attractive long-term opportunities.

Outlook

- Looking ahead, the market environment remains uncertain, with macroeconomic and geopolitical developments likely to continue driving volatility. While conditions have stabilized from recent extremes, key risks remain unresolved — particularly around energy markets, inflation and interest rates — and sustained commodity strength could weigh on growth while keeping inflation elevated. At the same time, relatively compressed risk premiums leave markets sensitive to new information and prone to sharp shifts in sentiment.
- We are also beginning to see signs of a potential broadening in market leadership, with sectors tied to more tangible demand drivers such as energy and industrials appearing better supported. While the near-term path is likely to remain uneven, this environment should continue to create opportunities for disciplined, long-term investors.

Top Securities (% of Total)

| Holding | Fund |
|-------------------------|------|
| Alphabet Inc. Class A | 4.58 |
| Johnson & Johnson | 3.67 |
| Bank Of America Corp | 3.38 |
| Chevron Corp | 3.19 |
| Amazon.Com, Inc. | 2.35 |
| Micron Technology Inc. | 2.17 |
| The Walt Disney Company | 2.05 |
| Gilead Sciences Inc | 2.04 |
| ConocoPhillips | 2.03 |
| CVS Health | 1.98 |

Average annual total returns and fund expenses (%) - as of March 31, 2026

| Class | CUSIP | Ticker | Without Sales Charge | | | | | | | With Maximum Sales Charge | | | | | | | Expenses | | Sales Charges | | Inception Date |
|-----------|------------|--------|----------------------|------|-------|-------|------|-------|-----------|---------------------------|-------|-------|-------|------|-------|-----------|----------|------|----------------|------|----------------|
| | | | 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 | |
| Class C | 5246866615 | LMVTX | 0.99 | 0.99 | 11.91 | 13.76 | 8.74 | 10.66 | 11.30 | 0.04 | 0.04 | 10.96 | 13.76 | 8.74 | 10.66 | 11.30 | 1.71 | 1.71 | — | 0.95 | 4/16/1982 |
| Class A | 5246866623 | LGVAX | 1.17 | 1.17 | 12.70 | 14.57 | 9.51 | 11.43 | 13.04 | -4.40 | -4.40 | 6.50 | 12.43 | 8.22 | 10.78 | 12.65 | 1.04 | 1.01 | 5.50 | — | 2/2/2009 |
| Benchmark | — | — | 2.10 | 2.10 | 15.87 | 14.31 | 9.43 | 10.58 | — | 2.10 | 2.10 | 15.87 | 14.31 | 9.43 | 10.58 | — | — | — | — | — | |

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

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.

A **basis point (bp, or bps)** is one one-hundredth of one percent (1/100% or 0.01%).

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.

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

Source: FTSE.

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

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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.