FRANKLIN TEMPLETON | ClearBridge

ClearBridge Growth Fund

Class A: SHRAX Class I: SAGYX | **Commentary | as of September 30, 2026**

Key Takeaways

- **Markets:** U.S. equities produced modest but narrow third-quarter gains, with the Russell 3000 Growth Index up 0.5% while the Russell Midcap Growth and Russell 2000 Growth indices declined 5.8% and 9.4%, respectively. AI was the principal source of volatility: a July momentum selloff unwound crowded semiconductor and AI-exposed industrial positions as investors reassessed capital-spending durability and returns, concerns that resurfaced in September amid calls to slow frontier-model development. Macroeconomic pressures reinforced dispersion. Escalating conflict with Iran lifted oil prices, making energy the top-performing sector, while the Federal Reserve's first hike since 2023 and rising Treasury yields pressured rate-sensitive and cyclical stocks, particularly utilities and industrials alike.
- **Contributors**: On an individual stock basis, the biggest contributors to relative returns were CrowdStrike, Shopify, Vertex Pharmaceuticals and Freeport-McMoRan, as well as an underweight to Astera Labs. Stock selection in the information technology (IT), industrials and consumer discretionary sectors proved positive.
- **Detractors**: The largest detractors from relative returns were Vertiv and AppLovin, as well as not owning Marathon Petroleum, Atlassian and Everpure. A lack of exposure to the energy sector, overweights to the industrials and communication services sectors weighed on relative results.
- **Outlook:** We remain focused on the differentiated opportunities and risks created by AI, using bottom-up research to identify companies positioned to benefit as its implications broaden.

Top Securities (% of Total)

Holding	Fund
Crowdstrike Holdings Inc.	5.17
Vertex Pharmaceut	4.15
SNOWFLAKE INC	4.08
CLOUDFLARE INC - CLASS A	3.91
Johnson Controls Int'l	3.41
Broadcom Inc.	3.39
Madison Square Garden Co.	3.34
Vertiv Holdings Co.	3.15
Lumentum Holdings Inc.	3.12
Robinhood Markets Inc	3.06

Performance Review

- Strong stock selection, particularly in information technology and industrials, more than offset the drag from our lack of energy exposure and our overweight to industrials. Our differentiated holdings, including companies that have grown beyond traditional mid-cap thresholds, gave the portfolio a source of return distinct from the index.
- Within industrials, stock selection was additive overall, including contributions from Cintas and Johnson Controls. Vertiv detracted after project timing and supply chain congestion contributed to a revenue shortfall, while MasTec weakened as wireless and wireline project pushouts pressured its communications business. We view the latter as timing-related, and believe its exposure to AI-driven power demand, broadband and the energy transition remains intact.
- In communication services, AppLovin detracted when an expected improvement in model performance shifted from the second quarter into the third, leaving results short of company guidance. As with MasTec, we see the shortfall as a matter of timing because engineering enhancements can be uneven.
- In IT, CrowdStrike and Shopify were leading contributors as software holdings rebounded and AI-agent activity supported traffic and orders on Shopify's platform. Cloudflare and Snowflake also recovered after concerns about AI disintermediation gave way to a view that they could benefit from broader AI-agent adoption.
- Vertex Pharmaceuticals contributed in health care on continued strength in its cystic fibrosis franchise, while Natera also contributed after reporting higher molecular residual disease test additions and raising full-year guidance. Freeport-McMoRan gained in materials as copper prices rose amid tight near-term supply and potential U.S. tariffs on refined copper imports.

Outlook

- AI is still in the early innings of reshaping a wide range of industries, and we expect that this technology evolution will both disrupt businesses as well as create new winners beyond the hyperscaler names. Times of change and uncertainty create opportunities for us as bottom-up stock pickers as the market often has a habit of painting industries and subindustries with a broad brush. We saw this play out as the software sector was sold indiscriminately over much of the last 12 months. Our selectivity, holding through the noise in names like CrowdStrike and adding where conviction was high to names like Snowflake and Cloudflare, has served our clients well. Just as importantly, exiting positions with greater vulnerability, such as application software maker HubSpot, has benefited performance.
- We would not be surprised to see bifurcation in the market as earnings reveal the ability for AI to either accelerate near-term business momentum or erode it. We are positioning the Fund to take advantage of this — spending time identifying the companies in areas most likely to be winners and losers as AI's implications broaden.

Not FDIC Insured | No Bank Guarantee | May Lose Value

Average annual total returns and fund expenses (%) - as of September 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 A	52468C109	SHRAX	-1.25	2.38	0.51	14.53	4.23	7.28	10.76	-6.68	-3.26	-5.02	12.39	3.01	6.64	10.61	1.13	1.13	5.50	—	10/24/1983
Class I	52468C406	SAGYX	-1.18	2.59	0.79	14.87	4.55	7.61	9.76	-1.18	2.59	0.79	14.87	4.55	7.61	9.76	0.84	0.84	—	—	1/30/1996
Benchmark	—	—	-5.84	1.01	-2.73	15.36	4.92	11.86	—	-5.84	1.01	-2.73	15.36	4.92	11.86	—	—	—	—	—	—

Benchmark(s)

Benchmark =Russell Midcap Growth 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. Net expenses are capped under a contractual agreement, which cannot be terminated prior to 12/31/2026 without Board consent. Actual expenses may be higher and may impact portfolio returns.
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. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. 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 3000 Growth Index** measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values. Source: FTSE.

Important Information

Effective May 1, 2024, the fund changed its benchmark to the Russell Midcap Growth Index.

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 Midcap Growth Index** measures the performance of the mid-cap growth 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.

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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.

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