

## ClearBridge Growth Fund

Class A: SHRAX Class I: SAGYX

Commentary | as of June 30, 2025

### Key Takeaways

- **Markets:** U.S. equities rebounded strongly from tariff and geopolitical scares to deliver healthy gains in the second quarter. The S&P 500 returned 10.9% in the quarter, swinging from a near bear market to an all-time high. The benchmark Russell Midcap Growth Index advanced a market-leading 18.2% as risk-on sentiment took hold. Growth stocks led across market caps, with the Russell Midcap Growth Index outperforming its value counterpart by more than 1,200 basis points.
- **Contributors:** Holdings in Broadcom, Robinhood Markets, Vertiv and Snowflake. Stock selection in the information technology (IT) sector, overweights to IT and communication services.
- **Detractors:** Holdings in Vertex Pharmaceuticals, UnitedHealth Group and TJX. Stock selection in the health care and communication services sectors.
- **Outlook:** While the full impacts of updated tariff policies with U.S. trading partners have yet to be felt globally, we feel confident that our holdings with strong market positions, value-based offerings and pricing power are well-positioned to weather tariff-related cost inflation.

### Performance Review

- Aided by strong performance from our target mid cap plus segment of the market, combined with stock selection in IT, industrials and financials, the Fund outperformed on a gross basis.
- The Fund's AI exposure was a significant contributor, led by a balance of longtime holdings across sectors, such as custom silicon chip maker Broadcom and HVAC for data centers provider Johnson Controls, as well as disruptor names that we have added to the portfolio over the last several years including software makers ServiceNow and Snowflake plus cybersecurity provider CrowdStrike.
- In financials, shares of disruptor Robinhood more than doubled over the last three months, lifted by a more favorable environment and increased demand for cryptocurrencies.
- Health care underperformed amid worries over the prospect for tariffs on pharmaceutical imports and the impact of reimbursement rate pressures within the Medicare Advantage market. The latter, in combination with some execution-related challenges, weighed most on UnitedHealth Group which missed quarterly earnings forecasts and withdrew guidance.
- Longtime biotech holding Vertex Pharmaceuticals also traded lower, primarily due to weakness in parts of Europe and slower uptake of its next-generation cystic fibrosis treatment.
- Within consumer discretionary, Starbucks and TJX were laggards for the quarter.
- The parabolic rise in share prices of several of our portfolio holdings, such as Palantir Technologies, allowed us to take profits and redeploy the proceeds into five new positions.
- We added to underweight areas such as consumer discretionary and industrials with the purchases of hotel operator Hilton Worldwide and defense related names Howmet Aerospace and Axon Enterprise.
- We also initiated positions in biotech Alnylam Pharmaceuticals in health care and paint maker Sherwin-Williams in materials while exiting database software maker MongoDB in IT and Charles River Labs in health care.

### Outlook

- Our primary goal over the last few years has been to give clients a portfolio with an improved growth profile — one with better upside capture in risk-on markets as well as good downside capture through turbulent periods. We are excited about the number of new ideas we have put to work in the Fund in pursuit of this goal and are encouraged by our results during the strong market advance this quarter.
- While the full impacts of updated tariff policies with U.S. trading partners have yet to be felt, we feel confident that our holdings with strong market positions, value-based offerings and pricing power are well-positioned to weather tariff-related cost inflation. With a balanced approach to growth, we own stocks with both offensive and defensive characteristics and strong management teams that have the proven ability to execute regardless of macro conditions. Unlike certain "style-pure" peers, we have the flexibility to own companies over long periods of time and through business cycles as they compound cash flows significantly and grow from emerging disruptors into larger and steadier compounders.

### Top Equity Issuers (% of Total)

Holding	Fund
Broadcom Inc	6.52
Vertex Pharmaceuticals Inc	4.98
TE Connectivity PLC	4.88
Autodesk Inc	4.46
CrowdStrike Holdings Inc	3.99
Johnson Controls International plc	3.41
L3Harris Technologies Inc	3.27
TJX Cos Inc/The	3.23
Vertiv Holdings Co	3.03
HubSpot Inc	3.02

### Sector Allocation (Equity as a % of Total)

Sector	Fund
Information Technology	32.77
Industrials	19.24
Consumer Discretionary	12.49
Health Care	11.58
Communication Services	9.47
Financials	8.30
Materials	2.59
Utilities	2.12
Consumer Staples	1.11

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

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 A	52468C109	SHRAX	18.68	9.51	15.85	15.35	9.05	6.47	10.95	12.16	3.49	9.48	13.10	7.77	5.84	10.79	1.14	1.14	5.50	—	10/24/1983
Class I	52468C406	SAGYX	18.77	9.67	16.20	15.71	9.38	6.80	9.96	18.77	9.67	16.20	15.71	9.38	6.80	9.96	0.83	0.83	—	—	1/30/1996
Benchmark	—	—	18.20	9.79	26.49	21.46	12.65	12.13	—	18.20	9.79	26.49	21.46	12.65	12.13	—	—	—	—	—	—

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](http://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 12/31/2025 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

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

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](http://www.franklintempletondatasources.com). All data is subject to change.

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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](http://www.franklintempleton.com). Please read it carefully.