FRANKLIN TEMPLETON | ClearBridge

ClearBridge Dividend Strategy Fund

Class A: SOPAX Class I: SOPYX | **Commentary | as of September 30, 2026**

Key Takeaways

- **Markets:** During the third quarter, the S&P 500 Index rose 2.3% while shares of the ClearBridge Dividend Strategy increased modestly. The Strategy rose strongly in the first two months of the period, outperforming the index, but retraced those gains in September. AI developments continued to drive the markets, and the information technology (IT) sector was the largest contributor to the S&P 500's return for the quarter. Superficially, this resembled most recent quarters, with a one-dimensional market dominated by AI. Beneath the surface, however, turbulence increased.
- **Contributors:** On an individual stock basis, the largest contributors to relative returns were ExxonMobil, Becton Dickinson, Automatic Data Processing and not owning Tesla and Applied Materials. Stock selection in industrials, IT and financials, an overweight to energy and an underweight to consumer discretionary contributed to performance.
- **Detractors:** The largest detractors were Honeywell Aerospace, Williams and underweights to Apple, Nvidia and Microsoft. Stock selection in energy, health care, materials and consumer discretionary, an underweight to IT and overweights to industrials and real estate weighed on results.
- **Outlook:** Against a backdrop of rising rates, greater market volatility and intensifying competition around AI, we are maintaining measured exposure to AI leaders while emphasizing diversified, attractively priced companies with strong balance sheets, healthy dividends and predictable revenue streams.

Top Securities (% of Total)

Holding	Fund
EXXONMOBIL HOLDINGS CORP	4.48
Microsoft Corp	4.21
Williams Cos Inc	4.03
NVIDIA Corp.	3.67
Alphabet Inc. Class A	3.43
Apollo Global Management Inc	2.71
UNILEVER PLC	2.67
Air Products and Chemicals, Inc.	2.66
MARSH & MCLENNAN COS	2.64
Nestle S.A. Sponsored ADR	2.58

Performance Review

- The fund underperformed the S&P 500 Index during the third quarter. Its underweight to IT was the principal relative headwind, and measured positions in Apple, Nvidia and Microsoft detracted, although not owning several high-beta beneficiaries of the AI infrastructure buildout helped as those stocks sold off.
- The energy overweight contributed, but stock selection detracted as Williams declined while investors awaited additional data center projects. ExxonMobil benefited from higher oil prices. In health care, Becton Dickinson rose as the sector rebounded from depressed valuations, while CVS Health weakened despite strong results and increased 2026 guidance.
- In industrials, Honeywell Aerospace detracted after reporting lower adjusted earnings and separation-related costs and reducing its full-year sales and adjusted earnings outlook amid supply-chain constraints. Automatic Data Processing contributed on solid revenue and adjusted earnings growth, strong retention, pricing and new-business bookings.
- We bought Kinder Morgan, a high-quality energy infrastructure company with recurring contracted revenues and a solid growth outlook tied to natural gas demand. We exited RTX and Honeywell International after strong performance, and also exited Roche and PG&E.

Outlook

- In a world undergoing profound technological innovation, we emphasize companies with low risk of disintermediation. Our holdings have strong balance sheets, healthy dividends and predictable revenue streams, making them more defensive in periods of economic uncertainty. Our companies are positioned to compound earnings and dividends, which can insulate portfolios from inflation and protect purchasing power.
- Given the current combination of market concentration and profound technological change, we believe a traditional approach to diversification is more important than ever and the Strategy is well-positioned to navigate today's turbulent waters.

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	52469H636	SOPAX	-0.12	6.07	7.13	15.11	10.03	11.72	9.39	-5.61	0.24	1.24	12.96	8.74	11.06	9.20	1.00	1.00	5.50	—	11/6/1992
Class I	52469H594	SOPYX	-0.05	6.28	7.39	15.42	10.33	12.04	9.30	-0.05	6.28	7.39	15.42	10.33	12.04	9.30	0.73	0.73	—	—	2/7/1996
Benchmark	—	—	2.30	12.75	15.74	22.89	13.79	15.33	—	2.30	12.75	15.74	22.89	13.79	15.33	—	—	—	—	—	—

Benchmark(s)

Benchmark =S&P 500 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 12/31/2027 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. **Real estate investment trusts** (REITs) are closely linked to the performance of the real estate markets. REITs are subject to illiquidity, credit and interest rate risks, and risks associated with small- and mid-cap investments. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. **Short selling** is a speculative strategy. Unlike the possible loss on a security that is purchased, there is no limit on the amount of loss on an appreciating security that is sold short. **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. Derivative instruments** can be illiquid, may disproportionately increase losses, and have a potentially large impact on performance. **Dividends** may fluctuate and are not guaranteed, and a company may reduce or eliminate its dividend at any time. **Fixed income securities** involve interest rate, credit, inflation and reinvestment risks, and possible loss of principal. As interest rates rise, the value of fixed income securities falls. 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.

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 **S&P 500 Index** features 500 leading U.S. publicly traded companies, with a primary emphasis on market capitalization.

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Important data provider notices and terms available at 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. Please read it carefully.

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