FRANKLIN TEMPLETON

ClearBridge

ClearBridge Large Cap Value Portfolios

Commentary | as of September 30, 2025

Key Takeaways

- **Markets:** U.S. stocks kept their momentum going in the third quarter, with the S&P 500 Index and tech-heavy Nasdaq Composite setting fresh records. Confidence improved as tariffs landed better than feared, Congress passed the One Big Beautiful Bill Act in July, and the Federal Reserve delivered a 25 bps cut in September while signaling more to come.
- **Contributors:** Stock selection in the IT, utilities and health care sectors along with a consumer staples underweight supported outperformance.
- **Detractors:** Stock selection in the communication services, financials, real estate and industrials sectors detracted.
- **Outlook:** We remain cautiously optimistic about the market, focusing on high-quality companies with resilient, durable business models that can compound returns over time, regardless of short-term macro or geopolitical noise.

Top Equity Issuers (% of Total)

Holding	Portfolio
JPMorgan Chase & Co	5.14
Sempra	4.04
Air Products and Chemicals Inc	2.77
O'Reilly Automotive Inc	2.54
Williams Cos Inc/The	2.48
Parker-Hannifin Corp	2.45
Charles Schwab Corp/The	2.44
Bank of America Corp	2.39
Broadcom Inc	2.29
Berkshire Hathaway Inc	2.27

Performance Review

- The Portfolios outperformed (gross of fees, equal net of fees) during the period, helped by both stock selection and sector allocation. IT led the way, especially semiconductor holdings Broadcom, Intel and Taiwan Semiconductor. The massive surge in spending on artificial intelligence (AI) continues to bolster chip providers like Broadcom, whose custom-designed chips are gaining broader adoption with hyperscalers as a complement to Nvidia's dominant graphics processing units in AI buildouts.
- We also initiated a position in the quarter in Taiwan Semiconductor, a leader in advanced semiconductor manufacturing, with dominant market share in leading-edge nodes such as 3nm and 2nm, which are being adopted by nearly all major AI companies.
- While Intel is not as directly exposed to this AI spending wave, it benefited from a slew of investments and partnerships that were announced in the quarter, which shored up the company's balance sheet and provided confidence that Intel will be able to capitalize on the growing need for domestically manufactured leading edge semiconductors.
- Utilities also helped. Sempra, one of our larger positions and a significant active weight versus the benchmark, saw double-digit gains in the quarter as it continued to regain investors' confidence after resetting its 2025 earnings guidance earlier in the year. In addition, its recently announced sale of a 45% stake in Sempra Infrastructure Partners at an attractive valuation eliminates a need for equity raises to fund the company's ambitious capital program in Texas. This announcement further advances Sempra's strategy to focus on its regulated U.S. utilities and strengthens its overall financial position.
- Communication services was a headwind to performance, meanwhile, as a positive resolution to Alphabet's ongoing antitrust trial combined with enthusiasm for its AI offerings led to strong performance. While Alphabet has been a portfolio holding since 2020, its weighting in the Russell 1000 Value benchmark increased significantly in July, leading us to become relatively underweight.
- Comcast was also a detractor, as it continues to lose share of the broadband market to fiber and fixed wireless companies. We continue to hold the name, as it generates substantial free cash flow, and trades at a very attractive 16% free cash flow yield.
- Industrials holding Deere performed well in the first half of the year, but tariff headwinds began to take their toll in the farm and construction equipment maker's second-quarter earnings. In addition, persistently high rates and low grain prices continued to weigh on farmer profitability.
- In materials, Air Products and Chemicals was lower on demand softness in China and Europe and some continued overhang on the timing of its large hydrogen projects in Saudi Arabia and Louisiana.

Outlook

- We remain cautiously optimistic about the market, focusing on high-quality companies with resilient, durable business models that can compound returns over time, regardless of short-term macro or geopolitical noise. We also see the investment landscape shifting: inflation and interest rates are structurally higher and market dynamism is increasing, especially with the rise of AI. Rather than trying to predict macro events, however, we build portfolios that can withstand volatility. We believe the current market regime offers significant value opportunities, especially as overall market breadth improves and capital flows shift away from high-flying growth stocks toward overlooked, high-quality businesses.

Average annual total returns (%) - as of September 30, 2025-PRELIMINARY

Composite	3-Mo*	6-Mo*	YTD*	1-Yr	3-Yr	5-Yr	10-Yr	15-Yr	20-Yr	25-Yr	Inception	Inception Date
Net of Fees	5.33	6.95	7.37	6.33	14.34	10.83	8.76	9.42	6.64	—	6.69	6/30/2002
Pure Gross of Fees	5.85	8.02	8.98	8.47	16.63	13.05	10.95	11.62	8.78	—	8.84	6/30/2002
Benchmark	5.33	9.32	11.65	9.44	16.96	13.88	10.72	11.24	8.19	—	8.63	—

*Cumulative total returns

Benchmark(s)

Benchmark =Russell 1000 Value Index

The strategy returns shown are preliminary composite returns, subject to future revision (downward or upward).
Past performance is not a guarantee of future results. An investment in this strategy can lose value. Please visit www.franklintempleton.com for the latest performance figures.
Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Fees: Returns for periods less than one year are not annualized. Pure gross of fee returns do not reflect the deduction of any expenses, including transaction costs. Net Composite Returns referenced above represent Pure Gross Composite performance of the portfolio reduced by an annual fee of 2.02%, the maximum fee charged by Primerica Advisors to clients invested in the strategy through the Primerica Advisors Lifetime Investment Program wrap fee program. The Net of fee composite returns presented in the attached strategy GIPS Report are calculated by reducing each monthly composite pure gross rate of return by the highest "bundled" fee charged (3.00%) annually, prorated to a monthly ratio. Returns reflect the reinvestment of dividends and other earnings. All performance is reported in US dollars. Management and performance of individual accounts may vary for reasons that include the existence of different implementation practices and model requirements in different investment programs.
The composite is comprised of accounts that are separately managed accounts (SMAs) managed in accordance with the strategy.
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What are the Risks?

All investments involve risks, including possible loss of principal. Small- and mid-cap stocks involve greater risks and volatility than large-cap stocks. **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**.

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%).

Nasdaq Composite Index is a market-capitalization-weighted index that is designed to represent the performance of NASDAQ securities and includes over 3,000 stocks. Source: Nasdaq OMX.

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

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