

ClearBridge Large Cap Value Fund

Class A: SINAX Class I: SAIFX

Commentary | as of June 30, 2025

Key Takeaways

- **Markets:** U.S. equities bounced back from a first-quarter correction and survived tariff and growth scares as well as geopolitical concerns to deliver solid gains in the second quarter of 2025. The rebound following April's tariff-induced Liberation Day selloff was marked by a return to AI market leadership.
- **Contributors:** Stock selection in the IT and communication services sectors was beneficial.
- **Detractors:** Stock selection in the industrials, health care, energy, consumer staples and consumer discretionary sectors and a health care overweight weighed on relative returns.
- **Outlook:** The strong recovery, in particular for momentum stocks, following the "Liberation Day" tariff selloff has widened the valuation disparity not only between growth and value stocks but also between the "sainted few" and the rest of the value universe to levels not seeing in decades. We believe such valuation gaps are unlikely to persist over the long term.

Performance Review

- U.S. equities bounced back from a first-quarter correction and survived tariff and growth scares as well as geopolitical concerns to deliver solid gains in the second quarter of 2025.
- The rebound following April's tariff-induced Liberation Day selloff was marked by a return to AI market leadership, with hyperscalers showing their commitment to high levels of AI-driven capex. Semiconductor companies also benefited amid solid earnings and renewed expectations of widespread adoption of AI.
- Renewed enthusiasm for AI buildouts has benefited Broadcom tremendously as its custom-designed chips have continued to gain broader adoption with hyperscalers as an alternative to Nvidia's dominant graphics processing units in AI applications. Broadcom shares also rallied with the reduction of retaliatory tariffs between the U.S. and China, which had weighed on semiconductor manufacturers.
- Elsewhere within IT, the portfolio benefited from the strong financial results of Microchip Technology, a leading manufacturer of analog semiconductors and microcontrollers used for automotive, industrial, consumer electronics and aerospace and defense applications. After the recent return of long-tenured CEO Steve Sanghi, Microchip has gained momentum in its early turnaround efforts while also benefiting from a long-overdue cyclical rebound.
- Stock-specific headwinds led to overall underperformance in the quarter, however, especially within health care and industrials.
- UnitedHealth Group continued to underperform as higher utilization rates, primarily among its Medicare Advantage business, weighed on its insurance and provider network businesses. Concerns of poor execution were exacerbated by the resignation of its CEO and federal lawsuits against pharmacy benefit managers such as UnitedHealth's OptumRx.
- In industrials, we are positioned away from some high-flying AI power-related stocks and a narrow group of historically high-multiple stocks which led to relative underperformance during the quarter. Strong performance of less-than-truckload freight company XPO, diversified industrial and aerospace company Parker Hannifin and agricultural equipment maker Deere failed to make up for the portfolio's AI underweight in the sector.

Outlook

- We recognize we are in period of elevated geopolitical and policy uncertainty, and during such periods raised perceptions of risk can shorten the time horizon over which investors make decisions. We caution against doing this, however, and stick to our process of finding best-in-class franchises trading at attractive valuations that can offer compelling, risk-adjusted returns over the long haul. We continue to position the portfolio for all macro environments, prioritizing stock-level decisions as opposed to those based on factor bets or macroeconomic predictions.
- The strong recovery, in particular for momentum stocks, following the "Liberation Day" tariff selloff has widened the valuation disparity not only between growth and value stocks but also between the "sainted few" and the rest of the value universe to levels not seeing in decades. We believe such valuation gaps are unlikely to persist over the long term. Value has historically recovered following periods of sizeable (~25%) underperformance versus growth; this threshold was triggered during the first quarter of 2025.
- Thus, we view the current market opportunity to be particularly favorable for disciplined long-term-focused stock pickers with a focus on value stocks, and we continue to use the opportunity to recycle capital from stocks that have benefited from recent factor-based trends into high-quality companies that we expect to do well over the coming years.

Top Equity Issuers (% of Total)

Holding	Fund
JPMorgan Chase & Co	5.97
Sempra	3.91
Air Products and Chemicals Inc	3.24
Microchip Technology Inc	2.99
McKesson Corp	2.86
Charles Schwab Corp/The	2.63
Bank of America Corp	2.44
Deere & Co	2.42
Travelers Cos Inc/The	2.37
Broadcom Inc	2.35

Sector Allocation (Equity as a % of Total)

Sector	Fund
Financials	26.38
Health Care	15.72
Industrials	13.63
Information Technology	10.61
Materials	7.12
Energy	6.72
Utilities	6.70
Communication Services	5.17
Consumer Discretionary	3.92
Consumer Staples	1.89
Real Estate	1.42

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	52470J100	SINAX	1.63	2.18	6.53	11.39	12.48	8.62	9.62	-3.97	-3.44	0.68	9.20	11.16	7.98	9.41	0.77	0.77	5.50	—	1/3/1995
Class I	52470J407	SAIFX	1.71	2.31	6.80	11.62	12.74	8.90	—	1.71	2.31	6.80	11.62	12.74	8.90	—	0.51	0.51	—	—	5/29/1958
Benchmark 1	—	—	3.79	6.00	13.70	12.76	13.93	9.19	—	3.79	6.00	13.70	12.76	13.93	9.19	—	—	—	—	—	—
Benchmark 2	—	—	10.94	6.20	15.16	19.71	16.64	13.65	—	10.94	6.20	15.16	19.71	16.64	13.65	—	—	—	—	—	—

Benchmark(s)

Benchmark 1= Russell 1000 Value Index

Benchmark 2= 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 12/31/2026 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. 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. 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. Derivative instruments can be illiquid, may disproportionately increase losses, and have a potentially large impact on performance. The investment style may become out of favor, which may have a negative impact on performance. 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. Source: © S&P Dow Jones Indices LLC. All rights reserved. The **Russell 1000 Value Index** measures the performance of the large-cap value 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.

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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.