ClearBridge Large Cap Value Fund

Class A: SINAX Class I: SAIFX | **Commentary | as of December 31, 2025**

Key Takeaways

- **Markets:** U.S. equites finished a strong 2025 albeit with more subdued gains in the fourth quarter, with the S&P 500 Index rising 2.7% during the period to end the year up 17.9%. Value stocks outpaced growth in the quarter across all market caps as the market pivoted from recent high-momentum AI winners and leadership broadened. The benchmark Russell 1000 Value Index gained 3.8% for the quarter, capping off a 15.9% return for 2025.
- **Contributors:** Stock selection in financials and health care, underweights to real estate and consumer staples and a health care overweight were beneficial.
- **Detractors:** Stock selection in the IT, materials and consumer discretionary sectors detracted.
- **Outlook:** Thanks to our long duration, we see the recent selloff in high-quality businesses as a significant opportunity, and we have recently initiated or added to positions in several at attractive valuations.

Performance Review

- During the fourth quarter, quality stocks across the market cap spectrum underperformed the broader market by the widest margin since the late 1990s. This was a headwind to the Strategy, which trailed the Russell 1000 Value in the quarter as several high-quality long-term holdings sold off.
- Within information technology (IT), long-term portfolio holding Motorola Solutions sold off as its revenue growth rate continued to normalize in its core land mobile radio (LMR) devices business; the company is working off an unusually high backlog created by COVID-era government funding programs. While its LMR devices business is slowing, we think the company has augmented its core franchise with faster-growing adjacencies and increased its mix of software and services. We think Motorola Solutions is a core holding for our strategy that offers attractive risk-reward at current valuation given a sustainable mid-single-digit top-line growth rate with continuously improving profit margins.
- Our high-quality bias applies across the portfolio, including areas of AI. We are more exposed to higher-quality AI exposed stocks such as Broadcom, Taiwan Semiconductor Manufacturing and Microsoft, which lagged this year (although the first two were both up more than 40%) relative to lower-quality more commodity-exposed AI stocks like Micron, Sandisk and Lumentum. While these lower-quality companies are likely to benefit more from supply chain constraints in the near term, we believe that businesses with more sustainable moats are likely to deliver superior returns through the cycle for investors.
- Strength in consumer spending from the third quarter looked to carry over into the holiday season, helping Capital One and American Express. Capital One reported a large earnings beat driven by lower credit costs and a large reserve release helped by lower charge-offs. The quarter showed very strong operating results from Capital One in its first full quarter following its acquisition of Discovery. The icing on the cake was the announcement of a $16 billion buyback authorization (11%–12% of the market cap) following management's review of post-acquisition capital requirements. American Express also topped earnings estimates and raised the lower end of its guidance helped by strong spending and a bounce back in travel. Its refresh on its Platinum cards is also being well-received.
- A fourth-quarter rotation to health care driven by a decline in policy uncertainty, improved earnings, attractive valuations and a pickup in M&A activity helped our holdings in the sector.
- Thermo Fisher Scientific, a supplier of life science tools and diagnostics, delivered strong earnings driven by its analytical instruments segment and strong operating margins. The company has also benefited from improving results in its growing bioprocessing business and raised revenue and EPS guidance.
- Strength in its oncology segment helped AstraZeneca deliver stronger-than-expected third-quarter results in November and reaffirm its guidance.

Outlook

- Our core tenet is to invest in high-quality businesses with underappreciated, sustainable, durable edges, and we remain convinced that this is the path to superior returns through the cycle. In the current frothy market, however, this style has been under pressure. Thanks to our long duration, we see the recent selloff in high-quality businesses as a significant opportunity, and we have recently initiated or added to positions in several — such as Linde, Parker-Hannifin and WEC Energy — at attractive valuations. We believe the shifting 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.

Top Securities (% of Total)

Holding	Fund
JPMorgan Chase & Co.	5.16
Johnson & Johnson	3.03
Alphabet Inc. Class A	2.90
Schwab (Charles) Corp.	2.68
Thermo Fisher Scientific Inc.	2.65
Bank Of America Corp	2.64
PARKER HANNIFIN CORP	2.58
Air Products and Chemicals, Inc.	2.51
Travelers Cos Inc/The Npv	2.39
Broadcom Inc.	2.35

Average annual total returns and fund expenses (%) - as of December 31, 2025

			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	52470J100	SINAX	2.12	10.23	10.23	11.02	9.95	9.82	9.73	-3.49	4.17	4.17	8.95	8.66	9.17	9.52	0.77	0.77	5.50	—	1/3/1995
Class I	52470J407	SAIFX	2.21	10.55	10.55	11.31	10.21	10.11	—	2.21	10.55	10.55	11.31	10.21	10.11	—	0.51	0.51	—	—	5/29/1958
Benchmark 1	—	—	3.81	15.91	15.91	13.90	11.33	10.53	—	3.81	15.91	15.91	13.90	11.33	10.53	—	—	—	—	—	—
Benchmark 2	—	—	2.66	17.88	17.88	23.01	14.42	14.82	—	2.66	17.88	17.88	23.01	14.42	14.82	—	—	—	—	—	—

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.

Glossary

A **buyback** is the repurchase of outstanding shares (repurchase) by a company in order to reduce the number of shares on the market.

Duration is a measure of the sensitivity of a bond's price to changes in interest rates.

Earnings per share (EPS) is defined as a company's net income divided by the number of outstanding shares of its common stock.

Moat is an advantage a company has which allows it to protect its market share and profitability.

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

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.