FRANKLIN TEMPLETON | ClearBridge

ClearBridge Large Cap Value Fund

Class A: SINAX Class I: SAIFX **Commentary | as of September 30, 2026**

Key Takeaways

- **Markets:** U.S. stocks continued to rise in the third quarter, with returns shaped by two major macro forces: the oil supply shock stemming from tensions in the Middle East driving oil prices higher and, partly a result of this, higher inflation expectations and bond yields. The benchmark Russell 1000 Value Index returned 2.6%. The Fed raised interest rates for the first time since 2023 in September and grew more hawkish in its forecasts, implying another hike in 2026; the 10-year Treasury yield finished the quarter up roughly 70 basis points at 5.3%. Sector performance in the index was mixed, with energy leading on higher oil prices, information technology (IT) and communication services lifted by hyperscaler strength, health care continuing its rebound and consumer and rate-sensitive sectors flat to down as a result of inflation and rate pressure.
- **Contributors:** On an individual stock basis, the largest contributors to relative returns were Thermo Fisher Scientific, ConocoPhillips, Waters, McKesson and not owning IBM. On a relative basis, stock selection in financials and industrials contributed to performance. A lack of exposure to real estate, an overweight to health care and an underweight to consumer staples also contributed to performance.
- **Detractors:** The largest detractors were CVS Health, XPO, WEC Energy Group, Martin Marietta Materials and an underweight to Microsoft. Stock selection in IT, health care and materials detracted from performance.
- **Outlook:** We continue to favor quality businesses with durable franchises, strong balance sheets and proven management teams, purchased with valuation discipline and assembled through risk-aware portfolio construction. Whether the economy accelerates or weakens, we believe these companies can compound earnings or provide downside mitigation. As narrow leadership and speculative, lower-quality performance recede, we expect the Strategy's diversified quality orientation to become increasingly valuable and apparent.

Top Securities (% of Total)

Holding	Fund
Apple Inc.	6.50
Amazon.Com, Inc.	5.48
JPMorgan Chase & Co.	4.30
Microsoft Corp	3.88
Johnson & Johnson	3.88
Intel Corporation	2.76
Thermo Fisher Scientific Inc.	2.70
Schwab (Charles) Corp.	2.29
EXXONMOBIL HOLDINGS CORP	2.21
ConocoPhillips	2.18

Performance Review

- Weaker stock selection in information technology, health care and materials more than offset favorable sector allocation and strong stock selection in industrials and financials. The market's narrow, higher-beta leadership also challenged our quality-oriented approach.
- An underweight to Microsoft was a leading relative detractor as strong Azure growth and increasing Copilot adoption reinforced confidence in the company's ability to monetize AI investment. CVS Health also detracted as investors focused on pressure in its 340B business, expected Caremark membership declines and related litigation. We maintained our overweight because we see a path to margin expansion as CVS recovers profits in Medicare Advantage.
- Thermo Fisher Scientific was a leading relative contributor, supported by stronger-than-expected results, improving customer activity and increased full-year guidance. Waters and McKesson also contributed. Waters is generating encouraging early synergies from its acquisition of Becton Dickinson's biosciences and diagnostic solutions businesses, while McKesson benefited from strong results, higher prescription volumes and a raised outlook.
- We maintained our quality and valuation discipline as the Russell 1000 Value rebalancing and speculative AI leadership created relative-performance challenges. We continued to favor durable franchises with strong competitive positions, balance sheets and cash-flow generation.
- During the quarter, we initiated positions in Nvidia and Coca-Cola and exited Chevron, PepsiCo and Roche. We view Nvidia as a high-quality, cash-flow-generative franchise with strong competitive positioning and an increasingly attractive valuation. Coca-Cola offers strong brands, a global footprint and robust pricing power. The PepsiCo and Roche exits reflected challenges to our investment theses, while the Chevron sale funded higher-conviction exposure to ExxonMobil.

Outlook

- We continue to adhere to our philosophy of seeking quality businesses with durable franchises, strong balance sheets and proven management teams, purchased with valuation discipline and assembled through risk-aware portfolio construction. We believe this discipline is particularly important given elevated valuations and the market's increasingly narrowing focus on lower-quality AI players, which up until the June Russell rebalancing represented a meaningful and growing part of the benchmark. Over the past year, the outperformance of high-beta, lower-quality, more commoditized stocks over lower-beta, higher-quality stocks has produced what we view as a historic low-quality, or "junk," rally.
- While that environment has obscured the portfolio's defensive characteristics, we like the setup going forward. If the economy accelerates, the quality franchises we favor should be positioned to compound earnings, while improved investor confidence could help close their valuation discounts. If the economy weakens, their durable business models, balance-sheet strength and earnings resilience should provide downside mitigation after a period in which those characteristics have received little recognition from the market.
- We do not have a strong conviction that either economic scenario must prevail; our positioning reflects our view, rather, that the current combination of narrow market leadership, unusually strong performance of speculative stocks and rapidly expanding valuations among cyclical AI beneficiaries will not persist indefinitely. In a market with broader leadership and greater emphasis on earnings durability, cash generation and balance-sheet strength, we believe the Strategy's diversified quality orientation should become increasingly valuable and apparent.

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	52470J100	SINAX	0.36	11.90	14.27	13.78	9.03	10.49	9.87	-5.17	5.74	8.00	11.66	7.75	9.84	9.67	0.79	0.79	5.50	—	1/3/1995
Class I	52470J407	SAIFX	0.38	12.10	14.57	14.08	9.28	10.78	—	0.38	12.10	14.57	14.08	9.28	10.78	—	0.49	0.49	—	—	5/29/1958
Benchmark 1	—	—	2.61	19.27	23.81	20.07	11.92	11.43	—	2.61	19.27	23.81	20.07	11.92	11.43	—	—	—	—	—	—
Benchmark 2	—	—	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 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 12/31/2027 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. **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 **basis point (bp, or bps)** is one one-hundredth of one percent (1/100% or 0.01%).

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

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