



# ClearBridge Large Cap Growth Fund

# Class I: SBLYX Class A: SBLGX

## Commentary | as of September 30, 2025

## **Key Takeaways**

- Markets: Equities surged in the third quarter, fueled by better-than-feared tariff outcomes, the passing of the One Big Beautiful Bill Act in July, anticipated interest rate cuts — the Federal Reserve cut 25 bps cut in September and signaled further easing — and robust corporate earnings, particularly in technology and the Magnificent Seven. The benchmark Russell 1000 Growth Index rose 10.5% for the quarter and is up 46.7% from its early April lows.
- Contributors: Holdings in Microsoft, Taiwan Semiconductor, ASML and not holding Costco Wholesale. Stock selection in consumer staples.
- Detractors: Holdings in Netflix, Intuit and Intuitive Surgical, underweights to Apple and Alphabet. Stock selection in information technology (IT), communication services and health care.
- Outlook: Looking ahead to 2026, we are optimistic but also cautious. While Al winners continue to dominate market
  attention, the Fund is prepared for a range of scenarios, including stagflation or a rate-cutting rally.

## **Performance Review**

- A significant theme since Liberation Day has been exuberance around Al and divergence between "Al winners" and "Al losers." Al winners, consisting primarily of cloud providers, chip makers and certain infrastructure software companies, have rallied even more strongly from the April lows while capital has flowed out of perceived Al laggards in areas like application software and services.
- The Fund has underperformed the benchmark due to underexposure to perceived AI winners (Broadcom, Oracle, not owning Palantir Technologies) as well as holding several names deemed by investors to be AI losers (Workday, Salesforce, Accenture). Several of our AI-indexed holdings were leading contributors in the quarter including cloud hyperscaler Microsoft, contract chip manufacturer Taiwan Semiconductor and chip equipment maker ASML.
- Netflix delivered strong second quarter results but was a detractor as the video streamer reported that operating margins
  would weaken in the second half of 2025 due to increased spending on content and marketing.
- The health care sector is facing a myriad of questions around underlying spending levels, tariff concerns and regulatory risks.
   Medical robotics maker Intuitive Surgical was lower in the quarter due to those headwinds and higher costs leading to pressure on margins.
- The Fund initiated new positions in infrastructure software providers Oracle and Datadog and added to custom silicon
  developer Broadcom. Oracle, a leading provider of database software for large enterprises, has successfully expanded into
  cloud infrastructure as a platform to run generative Al workloads. Datadog operates a monitoring, observability and data
  security platform for cloud applications, a large and growing end market with penetration rising as use and complexity of
  applications grow.
- We exited positions in Workday and Accenture, lowering our exposure to application software providers given decelerating fundamental growth and growing risks around Al.
- In health care, we exited managed care provider UnitedHealth Group following remarks from returning CEO Stephen
  Helmsley about a turnaround plan that indicated the path to recovery will be protracted. Ongoing uncertainty impacting
  pharmaceutical companies, as well as our more muted view of the GLP-1 market, prompted the sale of leading diabetes and
  obesity franchises Eli Lilly and Novo Nordisk. We upgraded our biopharmaceutical exposure with the purchase of Vertex
  Pharmaceuticals, a high-quality biotech with a leading franchise in cystic fibrosis.
- We see promise in early cyclical companies that could be beneficiaries of an improving economic environment. We
  repurchased Chipotle Mexican Grill, which is coming off a period of relatively weaker sales we view as more macro than
  execution related, increased our Starbucks position and added Parker-Hannifin, a diversified manufacturer in industrials.

## Outlook

- Momentum remains strong and valuations high across the large cap market, most notably among growth stocks. We have purposely positioned the Fund as an all-weather portfolio that seeks to deliver consistent results through the business cycle. When the Russell 1000 Growth Index compounds at its historical average of 11.9%, the Fund has shown an ability to outperform. We also have a track record of strong downside capture during challenged market environments as demonstrated in the first quarter of this year. Due to our focus on diversification and risk management, however, we historically lag the benchmark in higher-return, beta-driven momentum periods like the current one.
- Despite the near-term performance challenges, nothing has changed in our investment approach or management of the
  portfolio. We have always tried to buy names at attractive entry points, using our long-term orientation to take advantage of
  periods of volatility like the aftermath of Liberation Day. We continue to lean on our three growth buckets framework with the
  core of the portfolio in reasonably priced stable growth companies that compound earnings over time, supported by higher
  growth select names gaining share through innovation and cyclical growers with turnaround potential or direct exposure to
  economic activity.
- Looking ahead to 2026, we are optimistic but also cautious. While Al winners continue to dominate market attention, the
  Fund is prepared for a range of scenarios, including stagflation or a rate-cutting rally.

#### **Top Equity Issuers (% of Total)**

Fund
12.84
8.33
7.79
6.70
5.79
4.35
3.95
2.70
2.61
2.56

#### Average annual total returns and fund expenses (%) - as of September 30, 2025

			Without Sales Charge							With Maximum Sales Charge								ses	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 I	52469H784	SBLYX	3.58	9.63	13.25	28.66	12.69	15.48	10.50	3.58	9.63	13.25	28.66	12.69	15.48	10.50	0.73	0.73	_	_	10/15/1997
Class A	52469H826	SBLGX	3.50	9.40	12.93	28.28	12.36	15.14	10.32	-2.20	3.38	6.71	25.88	11.04	14.46	10.09	1.01	1.01	5.50	_	8/29/1997
Benchmark	_	_	10.51	17.24	25.53	31.61	17.58	18.83	_	10.51	17.24	25.53	31.61	17.58	18.83	_	_	_	_	_	_

#### Benchmark(s)

Benchmark = Russell 1000 Growth 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. 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. The investment style may become out of favor, which may have a negative impact on performance. Diversification does not guarantee a profit or protect against a loss. Active management does not ensure gains or protect against market declines. 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**

The Magnificent Seven stocks are Apple, Amazon, Alphabet, Meta Platforms, Microsoft, Nvidia, and Tesla.

Stagflation is a seemingly contradictory condition described by slow economic growth and relatively high unemployment, or economic stagnation, which is at the same time accompanied by rising prices (i.e. inflation).

## **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 Growth Index measures the performance of the large-cap growth 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.

