

ClearBridge Large Cap Growth Fund

Class I: SBLYX Class A: SBLGX

Commentary | as of December 31, 2025

Key Takeaways

- **Markets:** Growth stock momentum saw a reversal in the fourth quarter as concerns over elevated technology company valuations and aggressive artificial intelligence (AI) capex commitments caused the benchmark Russell 1000 Growth Index (RLG) to advance just 1.1%, trailing the Russell 1000 Value Index by 270 basis points. For the full year, however, large cap growth stocks maintained market leadership due to positive AI sentiment and continued strong earnings growth from mega cap companies, enabling the RLG to finish up 18.6%.
- **Contributors:** Intuitive Surgical, Thermo Fisher Scientific, Vertex Pharmaceuticals and ASML. Stock selection in consumer discretionary.
- **Detractors:** Netflix, Eaton, Meta Platforms, underweight to Alphabet and not holding Eli Lilly. Stock selection in communication services and information technology (IT).
- **Outlook:** We believe resurgent growth in the economy ex-tech in 2026 from fiscal stimulus and easing monetary policy should support broadening participation within our growth universe.

Performance Review

- The Fund underperformed in the fourth quarter and ended the year trailing our concentrated benchmark by approximately 900 bps (gross of fees). The majority of the underperformance can be attributed to our differentiated AI and mega cap positioning compared to the benchmark, with poor stock selection in health care the second-largest detractor.
- Netflix fell due to investor uncertainty and concerns over its proposed \$72 billion acquisition of Warner Bros. Discovery's studio assets, a move complicated by a rival bid from Paramount/Skydance, potential regulatory hurdles, and integration risks, muddling its previously clear growth narrative.
- Eaton declined as the company acknowledged near-term headwinds that caused it to lower 2026 guidance below consensus forecasts but reiterated that the long-term demand outlook for its equipment that enables the electrification of the power grid and electrical vehicle charging infrastructure is intact.
- Lilly rose strongly after striking a deal with the U.S. government to offer its GLP-1 treatments to Medicare and Medicaid patients while readouts on the company's oral GLP-1 treatment indicated a broader market than expected. This caused our lack of exposure to be a drag on relative results.
- In consumer discretionary, Airbnb saw positive momentum thanks to continued consistent operating results and a market rotation from tech into more cyclical sectors.
- Several health care holdings were solid contributors including Intuitive Surgical, whose third quarter earnings helped debunk recent bear cases about re-use of its DaVinci surgery robots and slowing new product growth. Thermo Fisher Scientific was up on improved sentiment toward the sector while Vertex Pharmaceuticals benefited from growing optimism around its kidney disease pipeline.
- We closed a position in Starbucks to concentrate our exposure in restaurants into Chipotle Mexican Grill. While we still believe in the turnaround story at Starbucks under CEO Brian Niccol, improvements are taking longer than expected to accelerate the business.
- We initiated a position in Arista Networks, a provider of high-speed switches and networking equipment critical to enabling the operation of cloud platforms and data centers, which is well-represented among the hyperscalers and benefits from that capex cycle.

Outlook

- The growth market right now is momentum oriented and sentiment driven, similar to what we experienced in 2021, which has contributed to nearly four out of every five active managers like ourselves trailing the benchmark in 2025. This is not a durable environment, and our challenge is positioning the portfolio so that sentiment shifts do not impede multiyear performance.
- One of the lessons we have learned this year is the importance of being proactive and moving quickly when a secular theme takes hold. In addition to targeting new ideas at advantageous valuations, we are constantly revisiting the case for owning every holding, moving away from companies with lower visibility and subpar execution and reprioritizing our highest-conviction names.
- We are currently vetting several ideas in health care and seeing signs of improving activity in areas like short-cycle industrials. These exposures could prove beneficial should growth and earnings revisions in technology-related sectors become more normalized compared to the rest of the market. If not a leadership change from the mega cap names that have dominated RLG performance for the last three years, resurgent growth in the economy ex-tech in 2026 from fiscal stimulus and easing monetary policy would at least support broadening participation within our growth universe.

Top Securities (% of Total)

Holding	Fund
NVIDIA Corp.	12.93
Amazon.Com, Inc.	7.81
Microsoft Corp	7.29
Meta Platforms Inc. (FB)	6.15
Apple Inc.	5.78
Visa Inc	4.00
Netflix Inc	3.51
Alphabet Inc. Class A	2.89
Intuitive Surgical Inc	2.62
Palo Alto Networks Inc.	2.41

Average annual total returns and fund expenses (%) - as of December 31, 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 I	52469H784	SBLYX	-0.78	8.78	8.78	26.45	10.62	14.45	10.37	-0.78	8.78	8.78	26.45	10.62	14.45	10.37	0.73	0.73	—	—	10/15/1997
Class A	52469H826	SBLGX	-0.83	8.49	8.49	26.09	10.30	14.11	10.19	-6.29	2.52	2.52	23.73	9.00	13.44	9.96	1.01	1.01	5.50	—	8/29/1997
Benchmark	—	—	1.12	18.56	18.56	31.15	15.32	18.13	—	1.12	18.56	18.56	31.15	15.32	18.13	—	—	—	—	—	—

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

A **basis point (bp, or bps)** is one one-hundredth of one percent (1/100% or 0.01%).
The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. Source: FTSE.

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.
Important data provider notices and terms available at www.franklintempletondatasources.com. All data is subject to change.
Source: FTSE.
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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.