FRANKLIN TEMPLETON | ClearBridge

ClearBridge Large Cap Growth Fund

Class I: SBLYX Class A: SBLGX **Commentary | as of June 30, 2026**

Key Takeaways

- **Markets:** Equity markets rallied in the second quarter, fueled by robust corporate earnings and optimism that a U.S.-Iran ceasefire would bring down commodity prices and temper geopolitical risk. Despite wavering AI sentiment in June, the S&P 500 Index finished up 15.2% while the benchmark Russell 1000 Growth Index (RLG) advanced 16.7%.
- **Contributors**: Palo Alto Networks, Datadog, Texas Instruments. Stock selection in consumer discretionary, consumer staples.
- **Detractors**: Netflix, Meta Platforms, Intuitive Surgical. Stock selection in communication services, health care.
- **Outlook:** Despite recent headwinds, the transformation of the RLG and the greater investment flexibility we have gained through the Fund's transition to a non-diversified mandate gives us renewed confidence in our ability to deliver alpha for shareholders.

Performance Review

- In communication services, Netflix declined as investors worried about slowing user engagement and were disappointed the company did not raise full-year guidance despite another solid quarter while Meta was pressured by concerns surrounding continued AI-related spending after management increased full-year capex guidance.
- Intuitive Surgical weakened alongside broader pressure on the medtech industry and concerns about moderating growth in its end markets.
- Contributors included Palo Alto Networks after the software firm delivered quarterly earnings and revenue above expectations driven by strong enterprise demand for AI-native cybersecurity solutions. Datadog also contributed following a beat-and-raise earnings report supported by accelerating customer demand for software used to monitor AI-native workloads.
- Texas Instruments advanced following a 90% year-over-year increase in data center revenue and approximately 30% growth in industrial demand.
- The second quarter marked one of the most significant Russell U.S. Indexes reconstitutions in recent years. The rebalance materially reduced the weight of the Magnificent Seven within the Russell 1000 Growth Index as Apple, Microsoft and Amazon shifted toward the Russell 1000 Value Index while Alphabet's weighting increased.
- We view the benchmark's reduction in top-heavy concentration as a constructive development, although the index has also become increasingly momentum oriented.
- During the quarter, the Strategy also transitioned from a diversified to a non-diversified mandate. While our investment objective remains unchanged, this change removes previous concentration limits and provides greater flexibility in portfolio construction.
- With semiconductors now representing more than 30% of the benchmark, we initiated a position in Micron Technology. We believe the leading memory supplier is well positioned to benefit from growing AI infrastructure investment, as AI data centers require substantially more memory than traditional computing systems.
- We also participated in the SpaceX IPO, helping keep the portfolio aligned with a more risk-on benchmark. We believe SpaceX possesses meaningful competitive advantages across several large addressable aerospace and communications markets.
- To fund these purchases, we significantly reduced positions in Amazon and Microsoft and exited Intuit as we became increasingly concerned that artificial intelligence could commoditize portions of its tax preparation business.

Outlook

- Despite recent headwinds, we believe the transformation of our benchmark together with the Fund's transition to a non-diversified mandate enhances our ability to generate long-term alpha for shareholders. While we remain committed to maintaining a well-rounded portfolio in an increasingly concentrated market, our greater flexibility allows us to allocate more effectively toward our highest-conviction investment ideas.
- During the second half of 2026, we expect to continue recalibrating portfolio exposures while evaluating the most attractive opportunities across the AI ecosystem. One way to do this is by assessing the AI lifecycle: Nvidia led the initial wave during 2024, Broadcom benefited from increasing adoption of custom AI silicon during 2025, and leadership has shifted in 2026 toward AI infrastructure providers supporting data center expansion, particularly memory and related technologies.
- These companies are leading an information technology (IT) sector generating earnings growth that is twice as fast as the overall market. Such earnings power allays the risks of a growth stock bubble, although we remain concerned about when massive hyperscaler capex will produce a compelling return on investment.

Top Securities (% of Total)

Holding	Fund
NVIDIA Corp.	14.06
Alphabet Inc. Class A	7.24
Apple Inc.	6.31
Meta Platforms Inc. (FB)	5.30
Visa Inc	4.38
Palo Alto Networks Inc.	3.76
Amazon.Com, Inc.	3.53
Netflix Inc	3.10
Taiwan Semiconductor-Sp	2.91
Arista Networks Inc	2.84

Not FDIC Insured | No Bank Guarantee | May Lose Value

Average annual total returns and fund expenses (%) - as of June 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 I	52469H784	SBLYX	13.22	2.39	5.24	15.98	8.75	14.66	10.27	13.22	2.39	5.24	15.98	8.75	14.66	10.27	0.73	0.73	—	—	10/15/1997
Class A	52469H826	SBLGX	13.14	2.25	4.94	15.66	8.43	14.32	10.09	6.92	-3.37	-0.83	13.49	7.16	13.65	9.87	1.01	1.01	5.50	—	8/29/1997
Benchmark	—	—	16.74	5.33	17.71	22.58	13.71	18.58	—	16.74	5.33	17.71	22.58	13.71	18.58	—	—	—	—	—	—

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 12/31/2027 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. **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.

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

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.

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.

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