

ClearBridge Large Cap Growth Fund

Class I: SBLYX Class A: SBLGX

Commentary | as of June 30, 2025

Key Takeaways

- **Markets:** U.S. equities persevered through tariff and geopolitical scares to deliver solid gains in the second quarter. The broad market S&P 500 Index returned 10.9%, swinging from a near-bear market to all-time high. The benchmark Russell 1000 Growth Index did even better as risk-on sentiment took hold, rising 17.8%, and outperforming the Russell 1000 Value Index by over 1,400 basis points.
- **Contributors:** Holdings in Netflix, Eaton and Intuit as well as underweights to Apple and Eli Lilly. Stock selection in the communication services and industrials; an underweight to consumer staples.
- **Detractors:** Holdings in UnitedHealth Group, Thermo Fisher Scientific and Marsh & McLennan as well as an underweight to Broadcom. Stock selection in health care and information technology (IT); an overweight to health care and underweight to IT.
- **Outlook:** While the S&P 500 has broadened, the Russell 1000 Growth Index remains dominated by its eight \$1 trillion+ market cap components. We remain confident and committed to our more balanced, risk-aware approach to growth investing, seeking to add value through differentiated stock selection.

Performance Review

- The Fund's more diversified and defensive exposure compared to our concentrated benchmark reversed from a tailwind in the first quarter to a headwind in the second. We were disappointed with the weak quarterly performance of several of our more countercyclical holdings. UnitedHealth Group saw a renewed selloff following a first-quarter earnings miss and guidance reduction as the managed care company cited elevated cost pressure and the exit of its CEO.
- Thermo Fisher Scientific lagged due to concerns around spending cuts in the academic/government and biopharma segments due to regulatory fears and tariffs. Insurance broker Marsh & McLennan fell due to the unwind of the flight to quality trade along with concern around a softer insurance pricing environment.
- Mega cap positioning was mostly neutral as an overweight to Meta and underweight to underperforming Apple offset relative headwinds from underweights to Microsoft and new addition Broadcom.
- Netflix in communication services, one of the Fund's largest active weights, saw its shares rise due to overall continued robust execution with double-digit revenue growth, driven by a balance of subscriber growth and price, and continued margin expansion. We remain confident in the company's long-term strategy, strong market position and attractiveness of the global streaming market.
- Industrials also did well, buoyed by stocks tied to power and electrification, like out-of-benchmark portfolio holding Eaton.
- In IT, we trimmed Taiwan Semiconductor to manage the risk amid intensified geopolitical tensions between the U.S. and China, directing the proceeds into purchases of AI-indexed chip makers Broadcom and Marvell Technology and software maker ServiceNow.
- The additions of commercial airline manufacturer Airbus and industrials gases provider Linde helped diversify the portfolio beyond traditional growth areas and prepare for wider large cap leadership.
- Our sales targeted companies whose end markets have become further challenged due to the broader macro backdrop – mass market retailer Target and contract research organization ICON – or technological challenges in the AI era – software maker Adobe.

Outlook

- Boosted by AI enthusiasm along with an easing of volatility and a renewed embrace of risk taking, IT finished the second quarter at 49% of the Russell 1000 Growth Index (RLG), the second-highest concentration since parts of the sector were reclassified in 2018 and 2023. While the S&P 500 Index has shown signs of broadening as judged by the advance/decline line and the number of stocks closing above their 50-day moving average, the RLG remains dominated by its eight \$1 trillion+ market cap components.
- Our longtime IT underweight specifically, and our sector allocations more generally, are a function of managing concentration and industry risk and striving to maintain a portfolio with a diversified set of growth drivers. To this end, the long-term success of the Fund will always be guided by fundamental stock selection. The second quarter is a reminder that there will be periods and market conditions when the Fund will be challenged in keeping pace with the benchmark. We remain confident and committed to our more balanced, risk-aware approach to growth investing, seeking to add value through sector and stock selection investing in differentiated, well-positioned companies.

Top Equity Issuers (% of Total)

Holding	Fund
NVIDIA Corp	11.15
Amazon.com Inc	8.59
Microsoft Corp	8.20
Meta Platforms Inc	7.08
Visa Inc	4.84
Apple Inc	4.79
Netflix Inc	4.53
Palo Alto Networks Inc	2.52
Intuit Inc	2.31
Eaton Corp PLC	2.20

Sector Allocation (Equity as a % of Total)

Sector	Fund
Information Technology	40.54
Communication Services	13.79
Consumer Discretionary	12.88
Industrials	9.43
Financials	9.22
Health Care	8.14
Materials	2.44
Consumer Staples	1.34
Real Estate	1.17

Average annual total returns and fund expenses (%) - as of June 30, 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	14.44	5.84	14.95	24.76	14.59	14.59	10.46	14.44	5.84	14.95	24.76	14.59	14.59	10.46	0.73	0.73	—	—	10/15/1997
Class A	52469H826	SBLGX	14.37	5.71	14.64	24.40	14.26	14.26	10.28	8.09	-0.11	8.33	21.97	12.91	13.58	10.05	1.01	1.01	5.50	—	8/29/1997
Benchmark	—	—	17.84	6.09	17.22	25.76	18.15	17.01	—	17.84	6.09	17.22	25.76	18.15	17.01	—	—	—	—	—	—

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.
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.
© Franklin Distributors, LLC. Member FINRA/SIPC.
ClearBridge Investments, LLC, and Franklin Distributors, LLC, are Franklin Templeton companies.

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.