

ClearBridge Mid Cap Portfolios

Commentary | as of December 31, 2025

Key Takeaways

- **Markets:** Mid cap equities were flat to slightly positive in the fourth quarter, with the Russell Midcap Index returning 0.16%. Market performance was shaped less by macroeconomic shocks and more by an increasingly narrow set of investor preferences, particularly late in the quarter, as momentum faded in several growth-oriented areas that had driven returns earlier in the year. Earnings reactions became more uneven, with stocks often moving sharply irrespective of underlying execution, reinforcing a market dynamic where sentiment and positioning frequently outweighed fundamentals. While certain cyclical and industrial recovery narratives stalled, dispersion beneath the surface of index-level results remained elevated, underscoring both the challenges and opportunities for active, company-specific investing.
- **Contributors:** Holdings in Expedia, Churchill Downs and Api Group. Stock selection in the the consumer discretionary sector, underweights to the communication services and real estate sectors.
- **Detractors:** Holdings in Alexandria Real Estate Equities, Chewy and Resideo Technologies. Stock selection in the information technology (IT), real estate and financials sectors.
- **Outlook:** As we look toward 2026, we believe the environment for mid cap equities is becoming incrementally more constructive, though uncertainty remains. The past several years have been characterized by an unusually narrow market, where a small subset of highly visible growth themes attracted the majority of investor attention, while many fundamentally sound businesses across the broader economy were overlooked. In our view, this dynamic contributed to a prolonged period of deferred investment and cautious decision making outside of a limited number of favored areas.

Performance Review

- The Portfolios underperformed its benchmark (gross and net of fees) as broad-based market headwinds and uneven earnings reactions weighed on results, with strength in consumer discretionary partially offsetting pressure across several other sectors.
- IT detracted as investor sentiment toward software businesses weakened amid heightened sensitivity to earnings expectations and concerns around AI-driven disruption. Teledyne Technologies, a diversified industrial technology company, and Bentley Systems, an infrastructure-focused software provider, declined as expectations for near-term acceleration were pushed out. Dynatrace, a provider of application performance monitoring software, also detracted following conservative guidance.
- Real estate was another source of pressure, largely driven by the decline in Alexandria Real Estate Equities, a life-science-focused office REIT. The company's stock came under pressure as a slowdown in biopharma research spending and excess laboratory capacity weighed on leasing demand and rental growth expectations. We exited the position as ongoing uncertainty and a dividend cut reinforced our view that a recovery may take longer than previously anticipated.
- Consumer discretionary holdings were a bright spot for the portfolio. Light & Wonder, a gaming and entertainment company, rebounded following technical selling pressure related to its relisting to the Australian exchange, creating an attractive entry opportunity. Expedia, a global online travel platform, contributed as improved execution in its consumer business complemented continued strength in its business-to-business segment. New holding Churchill Downs, an owner and operator of gaming and racing assets, advanced as operating trends normalized following earlier weakness tied to the timing of the Kentucky Derby and softer consumer sentiment.
- While overall stock selection in industrials and health care weighed on results during the quarter, there were a number of encouraging areas of performance. In industrials, API Group, a provider of safety and specialty services, continued to deliver steady execution, margin improvement and consistent compounding growth. In health care, Argenx, an immunology-focused biotechnology company, advanced on continued commercial execution and pipeline progress.
- We initiated positions in Casella Waste Systems, a residential waste services provider with a high proportion of recurring revenue, following a transitory selloff tied to minor acquisition integration issues, and Tyler Technologies, a provider of mission-critical software to state and local governments, where a highly recurring revenue model and limited exposure to near-term AI disruption support durable long-term growth.
- On the sell side, we exited Corpay, a corporate payments company, as the emergence of stablecoin technologies introduced new uncertainty around portions of its payments business. We also exited DraftKings, a digital sports betting and gaming platform, as the rise of prediction markets introduced additional competitive uncertainty that altered our conviction in the company's medium-term business model.

Outlook

- As we look toward 2026, we believe the environment for mid cap equities is becoming incrementally more constructive, though uncertainty remains. The past several years have been characterized by an unusually narrow market, where a small subset of highly visible growth themes attracted the majority of investor attention, while many fundamentally sound businesses across the broader economy were overlooked. In our view, this dynamic contributed to a prolonged period of deferred investment and cautious decision making outside of a limited number of favored areas.
- We are increasingly encouraged by signs that this imbalance may begin to ease. Improving clarity around policy, a more accommodative interest rate backdrop and supportive tax dynamics have the potential to reaccelerate business investment and earnings growth across a wider set of industries. Importantly, this does not require a dramatic shift in economic conditions; rather, a normalization of capital allocation and decision making could meaningfully benefit many mid cap companies with durable cash flows, attractive valuations and clear paths to improvement.

Top Equity Issuers (% of Total)

Holding	Portfolio
API Group Corp	3.18
Casey's General Stores Inc	2.96
Churchill Downs Inc	2.83
EQT Corp	2.82
Clean Harbors Inc	2.79
Teledyne Technologies Inc	2.64
PPL Corp	2.61
Hartford Insurance Group Inc/The	2.42
Chewy Inc	2.36
Regal Rexnord Corp	2.34

- From a portfolio perspective, we are deliberately not positioning the portfolio for a single outcome. Instead, we are actively reallocating capital from areas where expectations appear more fully priced toward businesses that we believe have been underappreciated despite solid fundamentals. With dispersion elevated and valuation gaps wide across sectors such as industrials, health care, utilities and financials, we believe patient, bottom-up stock selection and balanced portfolio construction are well suited to the evolving opportunity set.

Average annual total returns (%) - as of December 31, 2025-PRELIMINARY

Composite	3-Mo*	6-Mo*	YTD*	1-Yr	3-Yr	5-Yr	10-Yr	15-Yr	20-Yr	25-Yr	Inception	Inception Date
Net of Fees	-4.52	0.39	2.47	2.47	7.62	3.15	6.33	7.78	7.10	—	7.09	4/30/2004
Pure Gross of Fees	-4.03	1.41	4.56	4.56	9.80	5.25	8.49	9.97	9.28	—	9.27	4/30/2004
Benchmark	0.16	5.49	10.60	10.60	14.36	8.67	11.01	11.15	9.49	—	10.20	—

*Cumulative total returns

Benchmark(s)

Benchmark = Russell Mid Cap Index

The strategy returns shown are preliminary composite returns, subject to future revision (downward or upward).

Past performance is not a guarantee of future results. An investment in this strategy can lose value. Please visit www.franklintempleton.com for the latest performance figures.

Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Fees: Returns for periods less than one year are not annualized. Pure gross of fee returns do not reflect the deduction of any expenses, including transaction costs. Net Composite Returns referenced above represent Pure Gross Composite performance of the portfolio reduced by an annual fee of 2.04%, the maximum fee charged by Primerica Advisors to clients invested in the strategy through the Primerica Advisors Lifetime Investment Program wrap fee program. The Net of fee composite returns presented in the attached strategy GIPS Report are calculated by reducing each monthly composite pure gross rate of return by the highest "bundled" fee charged (3.00%) annually, prorated to a monthly ratio. Returns reflect the reinvestment of dividends and other earnings. All performance is reported in US dollars. Management and performance of individual accounts may vary for reasons that include the existence of different implementation practices and model requirements in different investment programs.

The composite is comprised of accounts that are separately managed accounts (SMAs) managed in accordance with the strategy.

For investors that access strategies through the Primerica Advisors Lifetime Investment Program, Primerica Advisors or its service providers, not Franklin Templeton Private Portfolio Group, LLC (FTPPG), is responsible for implementing the strategy in your account. Gross performance of the strategy, as implemented by Primerica Advisors, will vary from FTPPG's composite performance. Net performance for individual investors will vary based on the fees charged by Primerica Advisors, as well as Primerica Advisors' management of its program and each client's account.

ClearBridge Investments, LLC claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

To obtain specific information on available products and services or a GIPS Report, contact your Franklin Templeton separately managed account sales team at (800) DIAL BEN/342-5236.

What are the Risks?

All investments involve risks, including possible loss of principal. Small- and mid- cap stocks involve greater risks and volatility than large-cap stocks. **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**.

Important Information

The information provided is not a complete analysis of every material fact regarding any country, market, industry, security or portfolio. 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 portfolio's selection process. Holdings are subject to change.

These materials are being provided for illustrative and informational purposes only. The information contained herein is obtained from multiple sources that are believed to be reliable. However, such information has not been verified, and may be different from the information included in documents and materials created by the sponsor firm in whose investment program a client participates. Some sponsor firms may require that these materials be preceded or accompanied by investment profiles or other documents or materials prepared by such sponsor firms, which will be provided upon a client's request. For additional information, documents and/or materials, please speak to your Financial Professional or contact your sponsor firm.

Franklin Templeton (FT) is not undertaking to provide impartial advice. Nothing herein is intended to provide fiduciary advice. FT has a financial interest.

The **Russell Mid Cap Index** measures the performance of the mid-cap 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.

Holdings are provided for informational purposes only and should not be construed as a recommendation to purchase or sell any security.

Separately Managed Accounts (SMAs) are investment services provided by Franklin Templeton Private Portfolio Group, LLC (FTPPG), a federally registered investment advisor. Client portfolios are managed based on investment instructions or advice provided by one or more of the following Franklin Templeton affiliated sub-advisors: ClearBridge Investments, LLC. Management is implemented by FTPPG, the designated sub-advisor or, in the case of certain programs, the program sponsor or its designee.

ClearBridge Investments, LLC is a Franklin Templeton affiliated company.

© Franklin Templeton. All rights reserved.

This material is intended for informational purposes only, and it is not intended to be relied on to make any investment decision. Franklin Templeton, LLC, is not affiliated with Primerica or PFS Investments, Inc.