FRANKLIN TEMPLETON

ClearBridge

ClearBridge Mid Cap Fund

Class A: SBMAX Class I: SMBYX | **Commentary | as of September 30, 2025**

Key Takeaways

- **Markets:** Mid caps advanced in the third quarter as the investment landscape was shaped by a combination of monetary policy shifts, stabilizing earnings and improving sentiment. The Federal Reserve's decision to cut rates in September, along with rising hope of further easing and expectations for earnings resilience in third-quarter reports, helped provide relief from headwinds that had weighed on small and mid cap stocks. As a result, the benchmark Russell Midcap Index returned 5.3% for the quarter. Value stocks outpaced their growth peers, with the Russell Midcap Value Index returning 6.2% compared to the Russell Midcap Growth's 2.8% return.
- **Contributors:** Holdings in AppLovin, Resideo Technologies and Performance Food. Stock selection in the consumer staples, information technology (IT) and health care sectors.
- **Detractors:** Holdings in WillScot, Light & Wonder and Dynatrace. Stock selection in the consumer discretionary, materials and communication services sectors.
- **Outlook:** We expect dispersion to remain elevated, which plays to our strength: the names we own are generally not index-dependent, but driven by differentiated fundamentals, catalysts and structural advantages. We remain disciplined — seeking businesses with durable competitive moats, resilient free cash flow, balance sheet flexibility and clear paths to growth.

Top Equity Issuers (% of Total)

Holding	Fund
Teledyne Technologies Inc	3.13
Casey's General Stores Inc	3.12
Clean Harbors Inc	2.79
EQT Corp	2.77
API Group Corp	2.70
PPL Corp	2.66
Chewy Inc	2.64
Resideo Technologies Inc	2.63
Performance Food Group Co	2.57
AppLovin Corp	2.46

Performance Review

- The Fund outperformed its benchmark for the quarter, driven by standout stock selection in consumer staples and health care — two areas where portfolio holdings delivered strong results amid muted sector performance in our benchmark. This strength offset softness in consumer discretionary and materials.
- Consumer staples — the only negative sector of the Russell Midcap Index — proved a clear standout for the Strategy, led by Performance Food Group, a top U.S. foodservice distributor that supplies a broad range of fresh, frozen, dry and non-food products. The stock benefited from constructive activist engagement and news that the company entered an agreement with US Foods to explore the merits of a strategic combination. The company's strong execution and steady earnings underscore its leadership in U.S. food distribution.
- Health care was another key driver of outperformance, anchored by strength in biotechnology and the addition of new opportunities in life sciences tools. Argenx delivered robust second-quarter results, supported by continued adoption of its lead therapy for autoimmune disorders and promising progress across its clinical pipeline. Alnylam Pharmaceuticals also advanced, driven by accelerating uptake of its treatment for transthyretin cardiac amyloidosis (ATTR-CM) and a raise to full-year revenue guidance, reinforcing confidence in its commercial execution and deep RNA-based drug pipeline.
- Top contributor AppLovin, a mobile technology company specializing in gaming and e-commerce monetization and marketing, rallied on continued investor excitement about the launch of its e-commerce business in the fourth quarter. A longtime holding, AppLovin continues to deliver best-in-class AI demand generation to its customers, and we believe this new e-commerce business has the potential to further drive incremental cash flow growth.
- Stock selection in the consumer discretionary sector proved the greatest overall headwind. Chewy, the e-commerce pet products and services retailer, declined despite solid revenue growth as the company's increased growth investments for the second half of the year weighed on investor sentiment. However, we are confident in its strategic direction and believe these initiatives will increase the company's recurring revenue and growth rate.
- Stock selection within the materials sector also weighed on performance, as global packaging solutions provider Crown Holdings sold off on macro jitters and commodity worries, and paper and forest products company International Paper came under pressure due to soft end-market demand.

Outlook

- Heading into year end, we remain constructive on mid cap equities — though with a healthy respect for near-term volatility. The Fed's rate cut in September provides a potential inflection in sentiment and relief for rate-sensitive sectors. Combined with moderating macro data and fewer policy surprises, we believe the environment is better suited for selective stock pickers.
- We expect dispersion to remain elevated, which plays to our strength: the names we own are generally not index-dependent, but driven by differentiated fundamentals, catalysts and structural advantages. We remain disciplined — seeking businesses with durable competitive moats, resilient free cash flow, balance sheet flexibility and clear paths to growth.
- In short, we are optimistic but humble. The environment may not offer broad and easy gains, but it should reward fundamental differentiation. We believe our process is robust and our portfolio is well-positioned to navigate this backdrop and capture upside where it emerges.

Not FDIC Insured | No Bank Guarantee | May Lose Value

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

			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 A	52469H768	SBMAX	5.70	8.42	11.07	13.21	9.33	8.31	9.29	-0.11	2.46	4.98	11.10	8.04	7.68	9.05	1.16	1.16	5.50	—	9/1/1998
Class I	52469H735	SMBYX	5.80	8.70	11.43	13.57	9.65	8.66	9.03	5.80	8.70	11.43	13.57	9.65	8.66	9.03	0.88	0.85	—	—	12/3/1998
Benchmark	—	—	5.33	10.42	11.11	17.69	12.66	11.39	—	5.33	10.42	11.11	17.69	12.66	11.39	—	—	—	—	—	—

Benchmark(s)

Benchmark =Russell Mid Cap 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. Actual expenses may be higher and may impact portfolio returns. Net expenses reflect contractual fee waivers, expense caps and/or reimbursements, which cannot be terminated prior to 12/31/2026 without Board consent. Additional amounts may be voluntarily waived and/or reimbursed and may be modified or discontinued at any time without notice.
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. **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**. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. **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. **Derivative instruments** can be illiquid, may disproportionately increase losses, and have a potentially large impact on performance. 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

Free cash flow (FCF) is a measure of financial performance calculated as operating cash flow minus capital expenditures.

Moat is an advantage a company has which allows it to protect its market share and profitability.

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

The **Russell Midcap Growth Index** measures the performance of the mid-cap growth 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 Mid Cap Index** measures the performance of the mid-cap 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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