FRANKLIN TEMPLETON | ClearBridge

ClearBridge Mid Cap Fund

Class A: SBMAX Class I: SMBYX **Commentary | as of June 30, 2026**

Key Takeaways

- **Markets:** Mid cap equities participated in a sharp second-quarter rally, with the Russell Midcap Index returning 13.8% and bringing year-to-date gains to 15.3%. Growth modestly outpaced value for the full quarter, with the Russell Midcap Growth Index returning 14.5% versus 13.4% for the Russell Midcap Value Index. Leadership flipped later in the period, however, as value outpaced growth in June and remained well ahead year to date. That late-quarter shift did not displace the market's dominant stock-level theme: enthusiasm for artificial intelligence (AI) infrastructure and the companies perceived to be the best positioned in the continued buildout.
- **Contributors:** Holdings in Willscot, Rubrik and United Rentals. Stock selection in the consumer staples, industrials and materials sectors.
- **Detractors:** Holdings in EQT and Chewy, not owning Sandisk. Stock selection in the IT and consumer discretionary sectors and an underweight to the IT sector.
- **Outlook:** We remain focused on balancing exposure to durable secular themes with valuation, market-cap and quality discipline, seeking companies with strong competitive positions and clear paths to value creation.

Top Securities (% of Total)

Holding	Fund
Performance Food Group Co.	2.87
DTE Energy Company	2.77
Regal Beloit Corp.	2.77
Clean Harbors Inc	2.72
Vistra Corp	2.59
Crown Holdings, Inc.	2.50
United Rentals Inc	2.46
Willscot Mobile Mini Holdings	2.40
Microchip Technology Inc.	2.36
Live Nation Entertainment Inc	2.30

Performance Review

- The Fund generated strong absolute returns but underperformed its Russell Midcap Index benchmark during the second quarter. Relative results reflected several of the quarter's broader market themes: a sharp risk-on rally, powerful flows into perceived AI infrastructure winners and strong benchmark gains from memory, storage, optical connectivity and related hardware areas that the portfolio did not fully capture.
- IT was the largest source of relative pressure. Rubrik, a data security and cloud data management provider, benefited from recognition that AI adoption can raise data, security and infrastructure complexity. Microchip Technology also contributed as investors grew more comfortable with management changes, efforts to rebuild customer relationships and the potential for a cyclical recovery in analog semiconductor end markets. These gains, however, were not enough to offset underexposure in a sector that rose 54.4% in the quarter.
- Consumer discretionary also detracted. Chewy, a leading online retailer of pet products, was pressured by mixed end-market growth trends and concerns that the business could be vulnerable to AI disruption. We view those concerns as more nuanced given the company's customer relationships, purchasing dynamics and margin opportunities, but the stock weighed on results.
- Health care was mixed. Bio-Techne contributed after agreeing to be acquired by Merck KGaA, and we exited the position following the announcement. However, this gain was slightly offset by weakness in Insulet, the maker of insulin patch pumps, which continued to be challenged by concerns around potential future competition.
- Industrials were a bright spot. WillScot, a provider of modular space and storage solutions, recovered as investors grew more comfortable with improving non-residential construction indicators and company-specific initiatives under newer leadership. United Rentals benefited from renewed enthusiasm for non-residential growth and infrastructure demand, while Regal Rexnord contributed as operational execution and exposure to attractive industrial end markets supported sentiment.
- Consumer staples was the strongest sector for stock selection, led by longtime holdings Performance Food Group and Casey's General Stores. Performance Food Group, a foodservice distributor, rebounded from overly punished levels as resilient demand, supportive market share trends and execution on margin initiatives restored confidence. Casey's, a convenience-store operator, also contributed, supported by resilient demand, private-label offerings and consistent execution.

Outlook

- Looking ahead, we remain constructive on mid cap equities, while acknowledging that the range of potential outcomes remains wide. The durability of a cyclical recovery, the path of inflation and interest rates and the ultimate impact of AI across business models are still taking shape. We expect volatility and dispersion to remain elevated as investors distinguish between companies benefiting from durable fundamentals and those more dependent on flows, momentum or rapidly shifting narratives.
- We continue to see cautiously optimistic signs of broader recovery across select industrial, health care and consumer-oriented businesses. AI capital spending should remain an important market driver, but we believe the next phase of opportunity may broaden beyond the companies building AI infrastructure to those using technology to improve productivity, efficiency and customer outcomes.
- From a portfolio perspective, we are not positioning for a single outcome. We remain focused on businesses with durable competitive positions, healthy balance sheets, capable management teams and clear paths to value creation. In a market where narratives can move faster than fundamentals, we believe diversified, bottom-up stock selection is well suited to separate durable value creation from temporary momentum.

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 A	52469H768	SBMAX	10.17	7.18	8.86	9.00	2.90	8.56	9.14	4.10	1.28	2.87	6.96	1.69	7.92	8.91	1.15	1.15	5.50	—	9/1/1998
Class I	52469H735	SMBYX	10.25	7.35	9.22	9.34	3.21	8.90	8.90	10.25	7.35	9.22	9.34	3.21	8.90	8.90	0.84	0.84	—	—	12/3/1998
Benchmark	—	—	13.83	15.30	21.63	16.51	8.50	12.00	—	13.83	15.30	21.63	16.51	8.50	12.00	—	—	—	—	—	—

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. 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. **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

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

The **Russell Midcap Value Index** measures the performance of the mid-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 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.

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

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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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