

# ClearBridge

# LMP Capital and Income Fund Inc.

# Commentary | as of September 30, 2025

# **Key Takeaways**

- Markets: The third quarter continued the post-Liberation Day rebound for U.S. equity markets, with animal spirits
  driving the S&P 500 Index and tech-heavy Nasdaq Composite to record highs. Investor optimism was fueled by betterthan-feared tariff outcomes, the passing of the One Big Beautiful Bill Act in July, anticipated interest rate cuts the
  Federal Reserve delivered with a 25 bps cut in September and signaled further easing and robust corporate earnings,
  particularly in mega cap stocks in the communication services, IT and consumer discretionary sectors.
- Contributors: Stock selection in the health care sector, strong performance from enterprise software and cloud services company Oracle, and defense names in the industrials sector.
- Detractors: Stock selection in, and overweights to, the energy, real estate and financials sectors detracted. An
  underweight to IT also weighed on relative results.
- Outlook: Market risks remain elevated as a result of anemic economic activity due to interest rates restricting economic
  growth, tight financial conditions and political uncertainty. We carefully weigh short-term risks against the longer-term
  backdrop, and our assessment is that the environment remains challenging for risk assets such as common stocks in
  the short term.

#### **Performance Review**

- The Fund's income focus was a headwind versus the broad market in the third quarter, as an IT underweight and real estate
  overweight weighed on relative results.
- Stock selection in the energy sector was a drag on relative results, with midstream holdings such as ONEOK and Energy Transfer LP under pressure.
- The top relative individual contractor was Apple: the stock performed well, but the fund's underweight caused it to be a
  relative detractor.
- The top relative individual contributor was Oracle, which is gaining share among hyperscalers due to its lower-cost data center architecture, which is well-suited for large-scale AI training workloads.
- Stock selection in health care was positive. AbbVie was up as investors looked beyond its Humira patent expiry to the
  positive momentum for Skyrizi and Rinvoq, which treat inflammatory conditions. The company raised its revenue outlook,
  further supporting sentiment.
- An underweight to health care also contributed positively.
- Defense holdings Northrop Grumman and L3Harris Technologies performed well in an environment of heightened geopolitical tensions; these names were among the top five relative individual contributors.

## **Outlook**

- Market risks remain elevated as a result of anemic economic activity due to interest rates restricting economic growth, tight
  financial conditions and political uncertainty. Uncertainty regarding taxes has been resolved, and we view the tax component
  of the bill as positive for the market. To a lesser extent, fiscal spending priorities have been clarified.
- Regarding tariffs, some clarity has been provided but many details remain lacking and are extending the uncertainty. OPEC's
  decisions to add incremental barrels of oil to the market continues to cause pressure on oil prices and has introduced
  another area of concern for the energy complex. The U.S. housing market remains weak, in large part due to still-high
  mortgage rates and weakening economic fundamentals. Corporate earnings are solid but remain under pressure from a
  slowing economy and high interest rates, which puts upward pressure on interest expense. As we expected, the Federal
  Reserve cut rates in September and we expect additional rate cuts for the remainder of 2025, a development we view as
  positive.
- As always, we carefully weigh short-term risks against the longer-term backdrop, and our assessment is that the environment
  remains challenging for risk assets such as common stocks in the short term. In the long term, we continue to be
  comfortable owning high-quality companies that exhibit leadership positions in their sectors, have sound balance sheets,
  generate strong free cash flow and offer attractive dividend yields and dividend growth potential. In particular, we seek out
  and analyze those companies that can represent the next generation of dividend aristocrats and have identified a number of
  our existing holdings that have the potential to reach that status over time.

# **Top Equity Issuers (% of Total)**

Holding	Fund
Marvell Technology Inc	3.40
Oracle Corp	2.55
Apple Inc	2.34
PPL Corp	2.08
Broadcom Inc	1.98

#### **Top MLP Issuers (% of Total)**

Fund
1.81
1.73
1.19
0.91
0.88

# **Top REIT Issuers (% of Total)**

	Fund
Equity LifeStyle Properties Inc	1.41
VICI Properties Inc.	1.20
American Tower Corp	1.11
American Homes 4 Rent Class A	1.11
Equity Residential	0.67

#### Average annual total returns (%) - as of September 30, 2025

Product	Ticker	Listed Exchange	3-Mo*	6-Mo*	YTD*	1-Yr	3-Yr	5-Yr	10-Yr	Inception	Inception Date
Market Price Return	SCD	NYSE - XNYS	1.90	2.08	-3.48	-3.76	21.72	18.42	12.29	7.64	2/24/2004
NAV Returns	_	_	1.33	3.39	0.59	2.56	19.11	15.86	10.08	7.34	2/24/2004
Benchmark 1	_	_	5.97	13.92	11.87	12.41	17.73	10.47	10.66	8.23	_
Benchmark 2	_	_	2.03	3.26	6.13	2.88	4.93	-0.45	1.84	3.19	_
Benchmark 3	_	_	8.12	19.96	14.83	17.60	24.94	16.47	15.30	10.64	_

<sup>\*</sup>Cumulative total returns

#### Benchmark(s)

Benchmark 1=65% S&P 500, 35% Bloomberg US Aggregate

Benchmark 2=Bloomberg U.S. Aggregate Index

Benchmark 3=S&P 500 Index

**Performance shown represents past performance and is no guarantee of future results.** Current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate so shares, when sold, may be worth more or less than the original cost. Returns based on Market Price or NAV, and assume the reinvestment of all distributions at the Dividend Reinvestment Plan Price or NAV, respectively. All returns include the deduction of management fees, operating expenses and all other fund expenses, and do not reflect the deduction of brokerage commissions or taxes that investors may pay on distributions or the sale of shares. When applicable, performance would have been lower if fees had not been waived in various periods. An investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expense or sales charges. Returns for periods of less than one year are not annualized. Please visit franklintempleton.com for the most recent month-end performance.

Gross expenses are the fund's total annual operating expenses as of the fund's annual report available at the time of publication. Actual expenses may be higher and may impact portfolio returns. Net expenses reflect voluntary fee waivers, expense caps and/or reimbursements. Voluntary waivers may be modified or discontinued at any time without notice.

The difference between total assets and net assets, if any, is due primarily to the fund's use of borrowings and other liabilities; netassets do not include borrowings. The fund may employ leverage in the form of loans, preferred stock, reverse repurchase agreementsand/or other instruments. When the fund engages in transactions that have a leveraging effect on the fund's portfolio, the value of thefund will be more volatile and all other risks will tend to be compounded.

#### 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. Fixed income securities involve interest rate, credit, inflation and reinvestment risks, and possible loss of principal. As interest rates rise, the value of fixed income securities falls. 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. Low-rated, high-yield bonds are subject to greater price volatility, illiquidity and possibility of default. Investments in energy-related master limited partnerships and midstream entities are subject to risks of declines in energy and commodity prices, decreases in energy demand, adverse weather conditions, natural or other disasters, changes in government regulation, and changes in tax laws. To the extent the portfolio invests in a concentration of certain securities, regions or industries, it is subject to increased volatility. Derivative instruments can be illiquid, may disproportionately increase losses, and have a potentially large impact on performance. Leverage increases the volatility of investment returns and subjects investments to magnified losses and a decline in value. Distributions are not guaranteed and are subject to change. The portfolio is non-diversified and may invest in a relatively small number of issuers, which may negatively impact the fund's performance and result in greater fluctuation in the value of the fund's shares. 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.

#### **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.

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The **S&P 500 Index** includes 500 leading U.S. publicly traded companies. The **Bloomberg U.S. Aggregate Bond Index** is comprised of investment-grade, U.S. dollar-denominated government, corporate, and mortgage- and asset-backed issues having at least one year to maturity. Source: © S&P Dow Jones Indices LLC. All rights reserved. Bloomberg Indices. The **Bloomberg US Aggregate Index** is comprised of investment-grade, U.S. dollar-denominated government, corporate, and mortgage- and asset-backed issues having at least one year to maturity. Source: Bloomberg Indices.

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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.

