FRANKLIN TEMPLETON | ClearBridge

LMP Capital and Income Fund Inc.

SCD **Commentary | as of June 30, 2026**

Key Takeaways

- **Markets:** After pausing during the first quarter, technology shares reasserted market leadership in the second quarter, with the IT sector returning a remarkable 31.8%, more than double the 15.2% return of the S&P 500 Index. Industrials was the only other sector to even come close to the S&P 500's return, rising 14.9%. Every other sector lagged meaningfully.
- **Contributors:** Stock selection in the energy and information technology sectors aided relative results. Top individual contributions came from Marvell Technology, ASML, Western Digital, an underweight to Microsoft and not owning Exxon Mobil.
- **Detractors:** Stock selection in industrials and health care detracted; an energy overweight and information technology underweight also weighed on relative results. Top individual detractors included T-Mobile, Northrop Grumman and not owning Advanced Micro Devices, Intel and Applied Materials.
- **Outlook:** We continue to see a broadening in market leadership away from a narrow group of mega cap technology companies toward sectors with more durable earnings streams, attractive valuations and tangible asset backing.

Performance Review

- Stock selection in the energy and information technology sectors aided relative results. Top individual contributions came from Marvell Technology, ASML, Western Digital, an underweight to Microsoft and not owning Exxon Mobil.
- Marvell Technology, which makes data infrastructure semiconductors and high-speed networking technology for data centers, rose on news of a strategic partnership with Nvidia as the latter company's CEO predicted a surge in demand for AI connectivity hardware.
- ASML is a Netherlands-based designer of extreme ultraviolet lithography equipment critical to the development of high-end semiconductor production. The company is seeing surging demand for AI chips drive order backlogs for its extreme ultraviolet EUV lithography machines.
- Stock selection in industrials and health care detracted; an energy overweight and information technology underweight also weighed on relative results. Top individual detractors included T-Mobile, Northrop Grumman and not owning Advanced Micro Devices, Intel and Applied Materials.
- T-Mobile, in the communication services sector, is one of the largest wireless network operators in the U.S. Shares were lower over continued concerns about heightened competition.
- Northrop Grumman shares were down due to underwhelming results in which the company increased its capex guidance but kept free cash flow guidance unchanged; intimations of an end to the Iran war also weighed on defense stocks.

Outlook

- Market risks remain elevated as a result of anemic economic activity due to still-high interest rates restricting economic growth coupled with tight financial conditions. Significant uncertainty remains, including the trajectory of interest rates, where we expect to see the Federal Reserve increase rates later this year. Oil supply remains constrained in the Strait of Hormuz, responsible for about 20% of daily oil shipments, but we expect the situation to meaningfully improve in the short term. The U.S. housing market remains weak, in large part due to still-high mortgage rates and weak housing fundamentals. Corporate earnings are strong, providing support for equity prices.
- We continue to see a broadening in market leadership away from a narrow group of mega cap technology companies toward sectors with more durable earnings streams, attractive valuations and tangible asset backing. At the same time, questions around the sustainability and return profile of significant AI-related capital expenditures have introduced greater selectivity within the technology sector and have caused the stocks of the hyperscalers to be relative underperformers.
- As always, we carefully weigh short-term risks against the longer-term backdrop. 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.

Top Equity Issuers (% of Total)

Holding	Fund
QXO 4.75 CONVERTIBLE PFD SERIE	3.30
Apple Inc	3.21
Williams Cos Inc/The	2.74
Micron Technology Inc	2.38
Alphabet Inc	2.33

Top MLP Issuers (% of Total)

	Fund
Energy Transfer Equity LP	1.79
Plains GP Holdings LP	1.37
Enterprise Products Partners LP	1.34
MPLX LP MLP	1.12
Delek Logistics Partners LP	0.68

Top REIT Issuers (% of Total)

	Fund
American Tower Corp	1.48
Equity Residential	1.47
Digital Realty Trust, Inc.	1.45
Equity LifeStyle Properties Inc	1.25
Public Storage (PSA)	1.21

Not FDIC Insured | No Bank Guarantee | May Lose Value

Average annual total returns (%) - as of June 30, 2026

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	7.27	10.67	10.67	10.18	17.23	10.89	11.46	7.75	2/24/2004
NAV Returns	—	—	9.47	10.41	10.41	12.19	14.98	10.57	9.86	7.58	2/24/2004
Benchmark 1	—	—	10.04	6.92	6.92	15.69	14.75	8.77	10.68	8.37	—
Benchmark 2	—	—	0.67	0.62	0.62	3.79	4.16	0.08	1.54	3.16	—
Benchmark 3	—	—	15.20	10.21	10.21	22.32	20.61	13.41	15.51	10.88	—

*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.*

The total annual operating expenses are as of the fund's annual report available at the time of publication. Actual expenses may be higher and may impact portfolio returns.

Distribution Rate is calculated by annualizing the most recent distribution amount paid, divided by the closing market price or NAV as of the date indicated. The Distribution Rate calculation includes income, may include capital gains and excludes special distributions. The Distribution Rate is subject to change and is not guaranteed nor a quotation of fund performance.

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.

Glossary

Capital Expenditure (capex) are funds used by a company to acquire or upgrade physical assets such as property, industrial buildings or equipment.

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.

Distributions are not guaranteed and are subject to change. The Closed-End Funds are not sold or distributed by Franklin Distributors, LLC, or any affiliate of Franklin Resources, Inc. Unlike open-end funds, shares are not continually offered. Like other public companies, closed-end funds have a one-time initial public offering, and once their shares are first issued, are generally bought and sold through non-affiliated broker/dealers and trade on nationally recognized stock exchanges. Share prices will fluctuate with market conditions and, at the time of sale, may be worth more or less than your original investment. Shares of exchange-traded closed-end funds may trade at a discount or premium to their original offering price, and often trade at a discount to their net asset value. Investment return, market price and net asset value will fluctuate with changes in market conditions. The Funds are subject to investment risks, including the possible loss of principal invested.

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. The **S&P 500 Index** features 500 leading U.S. publicly traded companies, with a primary emphasis on market capitalization. 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. Source: © 2026 S&P Dow Jones Indices LLC. All rights reserved.

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.

© 2026 Franklin Distributors, LLC. Member FINRA/SIPC. LMP Capital and Income Fund Inc., a non-diversified closed-end investment management company, is advised by Legg Mason Partners Fund Advisor, LLC, a wholly-owned subsidiary of Franklin Resources, Inc., and is sub-advised by ClearBridge Investments, LLC and Western Asset Mgmt. Co., affiliates of the advisor.

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.

FRANKLIN TEMPLETON