

ClearBridge Select Fund

Class IS: LCSSX Class A: LCLAX

Commentary | as of December 31, 2025

Key Takeaways

- **Markets:** U.S. equities delivered resilient but volatile performance in the fourth quarter. While major indexes remained close to all-time highs, market conditions shifted meaningfully beneath the surface. The S&P 500 Index returned 2.7% during the quarter, while the benchmark Russell 3000 Index advanced 2.4% while the Midcap Growth Index declined 3.7%.
- **Contributors:** Coherent, Expedia, Charles River Labs and not holding Meta Platforms. An overweight to health care.
- **Detractors:** MercadoLibre, ServiceNow, Doximity and not owning Alphabet. Stock selection in health care, information technology (IT) and industrials.
- **Outlook:** We are strong believers that innovation and secular trends endure — in fact they usually emerge from soft patches in the economy even stronger.

Performance Review

- The Fund underperformed the benchmark gross of fees, hurt a leadership shift away from growth stocks and a flight to quality that favored larger cap companies.
- Disruptors in the health care sector bore the brunt of the rotation with Doximity, a digital platform serving physicians, and Surgery Partners, an operator of outpatient surgery centers, trading sharply lower through heightened volatility.
- Latin America e-commerce platform MercadoLibre remained weak due to concerns over the investment level needed to fend off increasing competition in Brazil.
- Enterprise software maker ServiceNow sold off over fears that large language models could threaten long-term demand. While we believe companies are making appropriate investments to augment their software offerings using AI, we significantly reduced our exposure to application software with the sales of Monday.com, Datadog and Klaviyo as the time to monetize these investments is taking longer than anticipated.
- Coherent rerated on sustained demand for optical networking and laser-based technologies tied to data center connectivity and bandwidth expansion. Expedia, a global online travel platform, contributed as improved execution in its consumer business complemented continued strength in its business-to-business segment.
- We initiated six new common stock positions while exiting 12 others. One of the largest additions was Wingstop, which franchises and operates restaurants offering classic wings, boneless wings and tenders. With best-in-class unit economics driving strong returns for franchisees, the company is leveraging robust unit growth along with menu innovation and innovative technology offering.
- Meanwhile, we increased our exposure to privately held companies with our participation in private placements for OpenAI, the creator of ChatGPT, which ushered in the surge in capital spending on large language models and continues to attract billions in investment for its AI technologies; and Yellowstone Midco, an investment vehicle for space and defense systems.

Outlook

- We expect the macro backdrop to remain bumpy but have positioned the portfolio to perform well in a variety of market and economic scenarios. With a balanced approach, we own stocks with organic growth drivers and strong management teams that have the proven ability to execute regardless of macro conditions. Unlike certain "style-pure" peers, we have the flexibility to own companies over long periods of time and through business cycles as they compound cash flows significantly and grow from emerging disruptors into larger and steadier compounders.
- With that said, after a period of underperformance we have improved our investment process by 1) increasing our sell discipline by being more cognizant of the opportunity cost of holding an underperforming stock while waiting for a better macro or industry backdrop, and 2) as discussed earlier, we have widened our lens for growth, diversifying further from application software, an industry going through immense change with the advent of AI.
- We are strong believers that innovation and secular trends endure — in fact they usually emerge from soft patches in the economy even stronger. We are leaning in and picking our spots with innovative companies going "on sale."

Morningstar Rating™

Overall Rating as of December 31, 2025

★★★★★ (5-Star) Class IS

★★★★★ (5-Star) Class A

As of 12/31/2025 the fund's Class A and Class IS shares received a 5 star overall Morningstar rating™, measuring risk-adjusted returns against 472, 446 and 371 Mid-Cap Growth funds over the 3-, 5- and 10- year periods, respectively. A fund's overall rating is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) rating metrics.

Top Securities (% of Total)

Holding	Fund
NVIDIA Corp.	7.22
Microsoft Corp	5.37
Apple Inc.	4.83
MercadoLibre Inc.	3.11
Casey's General Stores, Inc.	2.85
Shopify Inc.	2.83
AppLovin Corp	2.76
ServiceNow Inc	2.66
L3Harris Technologies Inc.	2.63
Performance Food Group Co.	2.50

Average annual total returns and fund expenses (%) - as of December 31, 2025

Class	CUSIP	Ticker	Without Sales Charge							With Maximum Sales Charge							Expenses		Sales Charges		Inception Date
			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	
Class IS	52467P473	LCSSX	-2.34	7.26	7.26	17.44	5.48	16.08	16.51	-2.34	7.26	7.26	17.44	5.48	16.08	16.51	0.98	0.98	—	—	11/30/2012
Class A	52471R648	LCLAX	-2.41	6.87	6.87	17.03	5.11	15.67	14.05	-7.77	1.00	1.00	14.85	3.88	14.98	13.50	1.40	1.33	5.50	—	9/23/2013
Benchmark	—	—	2.40	17.15	17.15	22.25	13.15	14.29	—	2.40	17.15	17.15	22.25	13.15	14.29	—	—	—	—	—	—

Benchmark(s)

Benchmark = Russell 3000 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. **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**. **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. **Low-rated, high-yield bonds** are subject to greater price volatility, illiquidity and possibility of default. **Derivative instruments** can be illiquid, may disproportionately increase losses, and have a potentially large impact on performance. 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. 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 **S&P 500 Index** features 500 leading U.S. publicly traded companies, with a primary emphasis on market capitalization. Source: © S&P Dow Jones Indices LLC. All rights reserved.

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 3000 Index** measures the performance of the 3,000 largest U.S. companies based on total market capitalization.

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.

Morningstar Rating™: Source: Morningstar®, 12/31/2025. For each mutual fund and ETF with at least a 3-year history, Morningstar calculates a Morningstar Rating™ based on how a fund ranks on a Morningstar Risk-Adjusted Return measure against other funds in the same category. This measure takes into account variations in a fund's monthly performance, and does not take into account the effects of sales charges and loads, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The weights are: 100% 3-year rating for 36-59 months of total returns, 60% 5-year rating/40% 3-year rating for 60-119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent 3-year period actually has the greatest impact because it is included in all three rating periods. The fund's Class A shares received a Morningstar Rating of 4, 4 and 5 and fund's Class IS shares received a Morningstar Rating of 4, 4 and 5 star(s) for the 3-, 5- and 10-year periods, respectively. Franklin Templeton provides this fund's Morningstar Rating™ for Class A and Class IS shares only. Other share classes may have different Morningstar ratings. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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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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