

ClearBridge Select Fund

Class IS: LCSSX Class A: LCLAX

Commentary | as of June 30, 2025

Key Takeaways

- **Markets:** U.S. equities rebounded strongly from tariff and geopolitical scares to deliver healthy gains in the second quarter. The S&P 500 Index returned 10.9%, swinging from a near bear market to an all-time high, while the benchmark Russell 3000 Index advanced 11.0% as risk-on sentiment took hold after tariff implementation was delayed. Growth stocks led across market caps, with the Russell 3000 Growth Index (+17.6%) outperforming its value counterpart by more than 1,300 basis points. The Russell 2500 Growth Index, home to many of the small and mid cap companies we target in the Fund, rose 11.3%.
- **Contributors:** Holdings in MercadoLibre, Vertiv, Comfort Systems and Reddit. Stock selection in health care and financials, overweight to information technology (IT).
- **Detractors:** Holdings in Copart, Baker Hughes, underweight to Microsoft. Stock selection in IT and industrials.
- **Outlook:** We believe more clarity on tariffs will open the logjam of capital, both in capital markets and that held by companies for future investment. A reopening of the IPO market is a positive sign, and we are looking at a number of new ideas among companies planning to go public.

Performance Review

- The Fund outperformed the benchmark for the period, drawing strength from the balance we have created through our pyramid portfolio construction across companies and sectors with distinct growth drivers.
- Our health care exposure was a particular standout. Insulet, a developer of insulin pumps for the treatment of diabetes, is benefiting from Omnipod sales among the type 2 diabetes population, a market it received FDA approval for last summer. HealthEquity, a provider of health savings accounts (HSA), saw its shares rise on better than expected quarterly revenue and raised full-year guidance driven by strong growth in HSAs and assets. The Fund also saw strong performance from Caris Life Sciences, an AI-driven company in cancer care and genetic profiling.
- Vertiv and Comfort Systems continue to benefit from the growing focus on AI and the underlying infrastructure investments required to support it. Vertiv delivers power and thermal management systems critical for data center operations, while Comfort Systems provides HVAC and electrical systems installation and maintenance.
- These names helped offset weakness across our more cyclical industrial positions. Detractors included auto salvage company Copart, which fell sharply after its latest quarterly revenue missed investor expectations for the first time in many quarters. Willscot and Trex, holdings tied to commercial and residential construction, also underperformed.
- We initiated seven new positions while exiting four others. Our largest purchase was Verisk Analytics, a data and software solutions provider to the insurance industry whose modern solutions are powerful and sticky. We exited Monolithic Power Systems, rolling the proceeds into newer semiconductor additions, Lattice Semiconductor and Qorvo.
- We also added Sartorius, a premier manufacturer of consumable products and services used in the development of biopharmaceutical production, and Penumbra, which develops aspirators to remove clots from the brain, heart, lungs and peripheral circulation.

Outlook

- The market's rally off the early April lows on improving trade sentiment validates our view that the solution to the global tariff problem rests in the hands of the President, whose stance can quickly be reversed. Similarly, much lower rates are not needed for a broadening of performance in equity markets; rates just need to gradually move to a normal level with lower levels of volatility, and business activity needs more clarity on tariffs. Large cap stocks have continued to outperform smaller caps, with the rolling 10-year annualized return gap the largest on record dating back to the 1930s, and relative valuations in the bottom decile. SMID stocks have historically recovered following such periods of sizeable underperformance.
- Economic data points like a tariff-induced contraction in first-quarter GDP, range-bound inflation and job growth without wage spikes suggest the Fed is likely to move forward with rate cuts in the second half of the year. What is needed is more clarity on tariffs, which would open the logjam of capital, both in capital markets and that held by companies for future investment. We are starting to see a reopening of the IPO market and are looking at a number of new ideas among companies planning to go public, as well as late-stage high-growth innovators.

Morningstar Rating™

Overall Rating as of June 30, 2025



(4-Star) Class IS



(4-Star) Class A

As of 06/30/2025 the fund's Class A and Class IS shares received a 4 star overall Morningstar rating™, measuring risk-adjusted returns against 479, 446 and 367 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 Holdings (% of Total)

Holding	Fund
NVIDIA Corp.	6.54
Microsoft Corp	5.16
ServiceNow Inc	4.19
MercadoLibre Inc.	4.10
Apple Inc.	3.70
Performance Food Group Co.	2.91
Casey's General Stores, Inc.	2.67
L3Harris Technologies Inc.	2.28
Shopify Inc.	2.20
Fortinet Inc	2.15

Sector Allocation (Equity as a % of Total)

Sector	Fund
Information Technology	36.45
Industrials	15.22
Consumer Discretionary	9.81
Health Care	9.75
Consumer Staples	8.33
Financials	6.30
Energy	3.45
Real Estate	2.73
Communication Services	2.27
Other	2.43

Average annual total returns and fund expenses (%) - as of June 30, 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	11.58	1.58	15.57	16.47	10.57	14.93	16.72	11.58	1.58	15.57	16.47	10.57	14.93	16.72	0.98	0.98	—	—	11/30/2012
Class A	52471R648	LCLAX	11.50	1.39	15.15	16.06	10.19	14.52	14.18	5.37	-4.18	8.81	13.79	8.90	13.85	13.61	1.40	1.33	5.50	—	9/23/2013
Benchmark	—	—	10.99	5.75	15.30	19.08	15.96	12.96	—	10.99	5.75	15.30	19.08	15.96	12.96	—	—	—	—	—	—

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

A **basis point (bp, or bps)** is one one-hundredth of one percent (1/100% or 0.01%).

The **Russell 2500 Growth Index** refers to a composite that includes mid and small cap companies located in the US that also has a growth characteristic. Source: FTSE.

The **Russell 3000 Growth Index** measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values. Source: FTSE.

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. Source: FTSE.

Important data provider notices and terms available at www.franklintempletondatasources.com. All data is subject to change.

Morningstar Rating™: Source: Morningstar®, 06/30/2025. 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, 3 and 5 and fund's Class IS shares received a Morningstar Rating of 4, 3 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.

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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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