FRANKLIN TEMPLETON | ClearBridge

ClearBridge Select Fund

Class IS: LCSSX Class A: LCLAX **Commentary | as of June 30, 2026**

Key Takeaways

- **Markets:** Growth equities delivered one of their strongest quarters in recent history, with the Russell 2500 Growth Index surging 24.0%, the benchmark Russell 3000 Index gaining 15.4% and the Russell Midcap Growth Index advancing 14.5%. While market leadership broadened beyond mega cap technology, artificial intelligence (AI) remained the dominant market narrative.
- **Contributors:** Lam Research, Anthropic, Fortinet, Coherent, Comfort Systems.
- **Detractors:** Baker Hughes, L3Harris Technologies, not holding Micron Technology, Advanced Micro Devices (AMD) and Intel.
- **Outlook:** We continue to view AI as a multi-year investment cycle whose ultimate winners and losers will take years to emerge. We remain focused on identifying durable growth businesses while leveraging our private market relationships to participate early in the next generation of innovation.

Performance Review

- The Fund underperformed its Russell 3000 Index benchmark during the quarter, largely due to stock selection in the information technology (IT) and consumer discretionary sectors.
- Not holding Micron Technology, AMD and Intel proved to be the largest relative headwind as semiconductor stocks rallied sharply on improving earnings expectations and continued enthusiasm surrounding AI infrastructure investment.
- In energy, Baker Hughes detracted as crude oil prices fell roughly $32 per barrel following easing geopolitical tensions and the gradual reopening of tanker traffic through the Strait of Hormuz. Defense contractor L3Harris Technologies also lagged after investors took profits and reacted negatively to the company's decision not to raise full-year guidance despite an improving global defense spending environment.
- While IT detracted overall, several holdings tied to AI infrastructure generated strong gains. Lam Research continued to benefit from robust semiconductor capital spending, as demand for advanced chip manufacturing equipment remained elevated. Coherent advanced on strong demand for its optical networking products supporting AI data centers and high-speed data transmission, while Fortinet contributed as improving sentiment toward enterprise software and cybersecurity companies lifted software valuations.
- Outside of technology, Comfort Systems remained a beneficiary of accelerating data center construction activity, with continued demand for its commercial HVAC systems supporting earnings expectations.
- The Fund's private investment in Anthropic also appreciated significantly following the release of metrics highlighting strong enterprise adoption of its Claude large language model, increasing investor optimism ahead of the company's anticipated second-half initial public offering.
- Our largest new investment was Alphabet, where we believe cloud growth, proprietary Tensor Processing Unit (TPU) chips and expanding AI capabilities provide meaningful upside potential.
- We also participated in the SpaceX IPO, attracted by the company's leadership in reusable launch technology, the strength of its Starlink satellite network and its long-term opportunity to support AI infrastructure through orbital computing capabilities.
- Additional purchases included Arista Networks, whose networking equipment is increasingly essential for AI data centers, Everpure, a provider of enterprise data storage and management solutions benefiting from rising AI-related demand, and Freeport-McMoRan, where we see attractive long-term fundamentals supported by growing copper demand tied to electrification and AI infrastructure investment.
- On the sell side, we exited Doximity, Wix.com and Sprout Social, reflecting our view that these businesses face increasing competitive risks as generative AI adoption accelerates.

Outlook

- We continue to believe AI will reshape industries over many years, although distinguishing the long-term winners from the losers will require patience. The recent rebound in software stocks suggests investor sentiment is stabilizing following concerns that generative AI would broadly disrupt existing software business models. We remain confident in the competitive positioning of the software companies we own and believe many will emerge as beneficiaries rather than casualties of AI adoption.
- Although the macroeconomic and geopolitical environment remains fluid, our outlook for U.S. equities has become increasingly constructive. Employment trends continue to improve and consumer spending has remained resilient despite weaker sentiment. While Federal Reserve policy may remain restrictive in the near term, healthy corporate earnings continue to reinforce our conviction in the businesses we own.
- We are also encouraged by improving capital markets activity, including successful AI-related public offerings and the anticipated IPOs of Anthropic and OpenAI, both of which we own as private investments. Expanding public and private market opportunities should continue to enhance our idea generation process.

Morningstar Rating™

Overall Rating as of June 30, 2026

★★★★ **(4-Star)** Class IS

★★★★ **(4-Star)** Class A

As of 06/30/2026 the fund's Class IS and Class A shares received a 4 star overall Morningstar rating™, measuring risk-adjusted returns against 459, 441 and 377 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. The number of funds in the category for the Overall Rating are listed under the 3-year period.

Top Securities (% of Total)

Holding	Fund
NVIDIA Corp.	5.84
Apple Inc.	4.74
LAM RESEARCH CO USD 0.001	3.97
Comfort Systems USA, Inc.	2.55
Vertiv Holdings Co.	2.52
Performance Food Group Co.	2.48
L3Harris Technologies Inc.	2.33
Casey's General Stores, Inc.	2.26
Baker Hughes Co	2.13
Monster Beverage Corp	2.07

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 IS	52467P473	LCSSX	14.39	5.45	11.34	13.37	3.09	17.31	16.31	14.39	5.45	11.34	13.37	3.09	17.31	16.31	0.99	0.99	—	—	11/30/2012
Class A	52471R648	LCLAX	14.31	5.27	10.96	12.98	2.74	16.91	13.93	8.03	-0.52	4.85	10.88	1.53	16.22	13.40	1.39	1.34	5.50	—	9/23/2013
Benchmark	—	—	15.44	10.88	22.82	20.36	12.31	15.06	—	15.44	10.88	22.82	20.36	12.31	15.06	—	—	—	—	—	—

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 12/31/2027 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 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

An **initial public offering (IPO)** is the process of offering shares in a private corporation to the public for the first time.

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 Midcap Growth Index** measures the performance of the mid-cap growth 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 3000 Index** measures the performance of the 3,000 largest U.S. companies based on total market capitalization.

Net Returns (NR) include income net of tax withholding when dividends are paid. 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.

Morningstar Rating™: Source: Morningstar®, 06/30/2026. 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 3, 3 and 5 and fund's Class IS shares received a Morningstar Rating of 3, 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. 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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