

ClearBridge Select Fund

Class IS: LCSSX Class A: LCLAX

Commentary | as of March 31, 2026

Key Takeaways

- **Markets:** Surging volatility pressured U.S. equities to start 2026, as rapidly evolving macro conditions, a sentiment shift away from AI and the outbreak of a military conflict in the Middle East contributed to a sharp market selloff. A broad-based decline among more liquid, larger cap holdings put pressure on the Russell 3000 Index, which declined 4.0% for the quarter, while mid cap growth stocks fared worse, with the Russell Midcap Growth Index declining 6.3%
- **Contributors:** AppLovin, ServiceNow, Shopify, Insulet, Doximity.
- **Detractors:** Vertiv, Comfort Systems, L3Harris, Baker Hughes, Diamondback Energy.
- **Outlook:** We are strong believers that innovation and secular trends endure and usually emerge from soft patches in the economy even stronger; we also believe in picking our spots with companies going “on sale.” Today, we remain similarly opportunistic with the Iran conflict emerging as a catalyst leading to attractive entry points in beaten-up areas of the market such as consumer discretionary and alternative asset managers.

Performance Review

- The Fund underperformed the benchmark through an ongoing rotation away from growth and momentum names exacerbated by the Iran conflict. This led to sharp dislocations in the information technology (IT) sector that weighed meaningfully on relative results versus the Fund’s core, predominantly large cap[SD2.1] benchmark.
- In IT, AppLovin and ServiceNow were caught up in a sentiment-driven selloff in software stocks due to increasing fears that generative AI could put their business models at risk. The launch of Anthropic’s Claude Copilot and other generative AI tools has heightened concerns that AI-native solutions could alter competitive dynamics, increase pricing pressure or compress long-term growth rates. This dynamic has impacted nearly all software companies, including those we believe are relatively well-positioned to benefit from AI or are less susceptible to disruption.
- E-commerce enablement platform Shopify, which has largely been insulated from AI disruption fears thanks to its partnership with OpenAI, felt more pressure to start the year. In communication services, Reddit was down on a research report that pointed to slowing new advertiser growth as well as competitive concerns as user engagement increases on AI apps like ChatGPT.
- Health care was also a detractor due to weakness among several disruptors. Insulet, a maker of insulin pumps for diabetes patients, declined on a product recall, while Doximity, a digital platform for medical professionals, fell on a weakening outlook for health care advertising.
- Industrials holdings that provide essential services to data centers were among the best performers. These included Vertiv, a manufacturer of power, precision cooling and infrastructure management systems primarily serving data centers benefiting from the generational data center infrastructure investment, and Comfort Systems, a commercial HVAC provider seeing a record backlog for its sophisticated cooling systems that have driven better than expected earnings and forward guidance. Meanwhile, defense contractor L3Harris delivered solid performance amid sustained global defense spending trends.
- In energy, oilfield equipment supplier Baker Hughes and exploration and production company Diamondback Energy were up strongly as crude oil prices rose more than 70% for the quarter as the Middle East conflict escalated and supply became constrained.

Outlook

- The macroeconomic and geopolitical backdrop remains highly fluid, with the first quarter marked by a rapid and often disorienting pace of headline-driven developments, including escalating geopolitical tensions in the Middle East, renewed policy uncertainty and a debatably shifting monetary policy framework following the appointment of a new Fed Chair. To that point, market expectations for rate cuts were revised lower over the quarter as inflation remained stubborn and energy prices rose rapidly. At the same time, the debate around the potential for accelerated disruption driven by AI has reached a fever pitch particularly in software and services.
- Last quarter we discussed being strong believers that innovation and secular trends endure and usually emerge from soft patches in the economy even stronger; we also believe in picking our spots with companies going “on sale.” Today, we remain similarly opportunistic with the Iran conflict emerging as a catalyst leading to attractive entry points in beaten-up areas of the market such as consumer discretionary and alternative asset managers.
- More positively, capital markets activity appears to be accelerating, with IPO activity improving and M&A volumes rebounding — an environment historically favorable for the Fund. Recent M&A transactions highlight that sophisticated buyers are opportunistically deploying capital at what they view as depressed valuations, reinforcing our confidence in the underlying value of many small and mid cap businesses.

Morningstar Rating™

Overall Rating as of March 31, 2026



(4-Star) Class IS



(4-Star) Class A

As of 03/31/2026 the fund’s Class A and Class IS shares received a 4 star overall Morningstar rating™, measuring risk-adjusted returns against 469, 448 and 374 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.	6.36
Apple Inc.	3.94
Casey’s General Stores, Inc.	3.22
L3Harris Technologies Inc.	3.14
Performance Food Group Co.	2.64
Microsoft Corp	2.56
Baker Hughes Co	2.55
iShares Russell 2000 Index Fund (ETF)	2.49
Comfort Systems USA, Inc.	2.39
Vertiv Holdings Co.	2.27

Average annual total returns and fund expenses (%) - as of March 31, 2026

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	CDCS	
Class IS	52467P473	LCSSX	-7.82	-7.82	8.59	11.28	2.58	16.13	15.47	-7.82	-7.82	8.59	11.28	2.58	16.13	15.47	0.99	0.99	—	—	11/30/2012
Class A	52471R648	LCLAX	-7.91	-7.91	8.23	10.88	2.23	15.72	13.01	-12.98	-12.98	2.28	8.81	1.02	15.04	12.47	1.39	1.34	5.50	—	9/23/2013
Benchmark	—	—	-3.96	-3.96	18.09	17.86	10.87	13.72	—	-3.96	-3.96	18.09	17.86	10.87	13.72	—	—	—	—	—	

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

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.

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®, 03/31/2026. 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.

© Franklin Distributors, LLC. Member FINRA/SIPC.

ClearBridge Investments, LLC, and Franklin Distributors, LLC, are Franklin Templeton companies.

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.