FRANKLIN TEMPLETON | ClearBridge

ClearBridge Select Fund

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

Key Takeaways

- **Markets:** Large cap stocks flexed their leadership in a volatile third quarter characterized by sharp rotations among AI-related companies, a spike in bond yields and ongoing conflict in the Middle East. The benchmark Russell 3000 Index gained 1.4% for the quarter with the Russell 3000 Value Index returning 2.3% while the Russell 3000 Growth Index was up 0.5%. In contrast, small and mid cap (SMID) equities endured wide losses with the Russell Midcap Index down 3.0% and the Russell 2500 Index declining 6.4%. Growth stocks in both capitalization ranges trailed their value counterparts by wide margins.
- **Contributors:** On an individual stock basis, the largest contributors to relative returns were Shopify, Charles River Laboratories, DocuSign, ServiceNow and not owning Tesla. On a relative basis, stock selection in IT and financials contributed to performance as did overweights to IT and energy as well as underweights to utilities and consumer discretionary.
- **Detractors:** The largest detractors were Lam Research, AppLovin, Vertiv, Casey's General Stores and an underweight to Microsoft. Stock selection in communication services, consumer staples, industrials, energy and materials detracted from performance. An overweight to industrials also weighed on results.
- **Outlook:** We remain confident in software innovators and increasingly favor businesses that can use AI to improve productivity, enhance their offerings and drive revenue, alongside enabling technologies in connectivity, networking, precision and efficiency. In our view the AI opportunity is broadening beyond GPUs and traditional semiconductors. Potential late-2026 or 2027 IPOs for frontier model developers could provide meaningful catalysts for the broader innovation ecosystem.

Performance Review

- The portfolio underperformed the Russell 3000 Index during the third quarter. Stock selection in communication services, consumer staples and industrials was the primary headwind, outweighing gains in information technology and health care. Results also reflected a sharp reversal in growth leadership: several semiconductor equipment and AI infrastructure holdings that had performed strongly in the first half came under pressure, while software and other prior laggards rebounded.
- Lam Research was a leading detractor as semiconductor equipment stocks derated on concerns that large AI spenders may have overbuilt, overshadowing record revenue and high gross margins. Vertiv declined on similar sentiment and after project timing and supply chain congestion held second-quarter revenue growth below expectations, although management raised full-year guidance. AppLovin also weighed on results as its e-commerce advertising ramp lagged expectations and delayed mobile-gaming model upgrades limited upside. Our underweight to Microsoft detracted as faster Azure growth and Copilot adoption supported the shares.
- Shopify and ServiceNow contributed as investors reassessed the opportunities from AI adoption rather than focusing only on disruption risk. Shopify became the checkout partner for Meta's Muse shopping agent, reinforcing its potential role in agent-driven commerce, while ServiceNow delivered better-than-feared results and surpassed $1 billion in AI contract value. Charles River Laboratories also contributed as results confirmed a recovery in preclinical demand, with book-to-bill above 1x for a third consecutive quarter and higher 2026 guidance. Not owning Tesla further benefited relative results as its shares declined on consumer spending concerns.
- We broadened the portfolio's AI exposure during the quarter. We added Advanced Micro Devices for its processor and accelerator opportunity, Credo Technology for high-speed AI data center connectivity and SiTime for precision timing devices that can displace legacy quartz solutions. We also initiated PNC Financial Services Group and Protagonist Therapeutics. We exited Kratos Defense & Security as heavy investment and uncertainty around the timing of cash flow conversion reduced near-term visibility, and we sold SBA Communications because limited catalysts made other opportunities more attractive.

Outlook

- The determination of AI winners and losers will take quarters, if not years, to determine. We view the rebound in the recently pressured software industry as a sign of stabilization following a selloff based on fears that generative AI would disintermediate software business models. The reversal was supported by improving sentiment among software makers viewed as enablers of AI adoption and solid earnings results. Software has always been a core exposure in the portfolio, and we maintain confidence in the innovators we own across the industry.
- Through private investments, we also have exposure to two of the leading frontier AI model developers, OpenAI and Anthropic, which we believe are among the most innovative companies in the space. More broadly, we are increasingly focused on identifying businesses that can leverage AI to improve productivity, enhance their offerings and drive incremental revenue growth, rather than relying exclusively on companies benefiting from the current infrastructure spending cycle. This is particularly relevant given the inherent cyclicality of hardware spending and the difficulty of predicting when those investment cycles may turn.
- We continue to believe the AI opportunity is broadening beyond GPUs and traditional semiconductor exposure. As data centers and GPU clusters become larger and more complex, the need for faster connectivity, more sophisticated networking and greater precision and efficiency is creating substantial new markets for enabling technologies. Recent additions such as Credo and SiTime reflect our efforts to identify differentiated beneficiaries of this next phase of infrastructure development and we believe these trends are materially expanding their addressable markets relative to historical opportunities.
- The potential IPOs of Anthropic and OpenAI in late 2026 or 2027 could represent meaningful catalysts for the broader innovation ecosystem. In the meantime, we continue to engage with private companies to deepen our understanding of

Morningstar Rating™

Overall Rating as of September 30, 2026

★★★★ **(4-Star)** Class IS

★★★★ **(4-Star)** Class A

As of 09/30/2026 the fund's Class IS and Class A shares received a 4 star overall Morningstar rating™, measuring risk-adjusted returns against 442, 425 and 363 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.	6.00
Apple Inc.	4.93
LAM RESEARCH CO USD 0.001	2.89
iShares Russell 2000 Index Fund (ETF)	2.59
Alphabet Inc. Class A	2.53
Fortinet Inc	2.07
Baker Hughes Co	2.02
Comfort Systems USA, Inc.	2.01
ISHARES RUSSELL 2000 GROWTH ET	2.00
L3Harris Technologies Inc.	1.88

Not FDIC Insured | No Bank Guarantee | May Lose Value

emerging technologies, competitive dynamics and potential future leaders in AI. These relationships remain an important part of our idea generation process, helping us identify compelling growth opportunities earlier in their development.

Average annual total returns and fund expenses (%) - as of September 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	-1.72	3.63	1.20	15.18	3.00	15.67	15.85	-1.72	3.63	1.20	15.18	3.00	15.67	15.85	0.99	0.99	—	—	11/30/2012
Class A	52471R648	LCLAX	-1.83	3.34	0.85	14.77	2.65	15.27	13.48	-7.23	-2.35	-4.70	12.63	1.44	14.59	12.96	1.39	1.34	5.50	—	9/23/2013
Benchmark	—	—	1.41	12.42	15.13	22.26	12.64	14.73	—	1.41	12.42	15.13	22.26	12.64	14.73	—	—	—	—	—	—

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 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 **Russell 3000 Value Index** measures the performance of the broad value segment of U.S. equity value 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®, 09/30/2026. 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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