

ClearBridge Select Fund

Class IS: LCSSX Class A: LCLAX

Commentary | as of March 31, 2025

Key Takeaways

- **Markets:** Equities sold off sharply in the first quarter, with volatility accelerating into April, as a rotation out of mega caps followed by a raft of U.S. tariff actions raised fears of an economic slowdown and higher inflation. The benchmark Russell 3000 Index fell 4.7% while the selloff in the Magnificent Seven and technology-related areas of the market caused growth stocks to significantly underperform value, with the Russell 3000 Growth Index down 10% compared to a gain of 1.6% for the Russell 3000 Value Index. The small and mid cap growth stocks that form the foundation of the Fund were similarly pressured with the Russell 2500 Growth Index retreating 10.8%.
- **Contributors:** Holdings in H&E Equipment Services, MercadoLibre, Casey's General Stores. Stock selection in the consumer discretionary sector, an overweight to the consumer staples sector.
- **Detractors:** Stock selection in the industrials, information technology (IT) and health care sectors, overweight to IT, underweight to financials.
- **Outlook:** We are optimistic cooler heads in Washington, D.C. will prevail, lifting the trade shadow over the potential benefits of deregulation and tax cuts that are expected to come later in Trump's first-year agenda.

Performance Review

- Through a first quarter shift away from higher-multiple growth stocks, the Fund's recent leadership among disruptors reversed course, leading to underperformance versus its core benchmark.
- The unwind of the generative AI trade was sparked by the January introduction of China's DeepSeek, a large language model built more cheaply and efficiently than those of the Magnificent Seven. This led to weakness in Microsoft and Nvidia. An escalating trade war with China also weighed on Apple.
- Meanwhile the combination of DOGE-led government layoffs and Trump's unpredictable implementation of widespread tariffs weighed on the spending outlook. Disruptors enabling digital advertising such as Trade Desk, Reddit and AppLovin derated on fears of a pullback in business ad spending as recession risks increase. We exited Trade Desk in favor of increasing our exposure to better-positioned Reddit.
- A pair of international e-commerce platforms, MercadoLibre in Latin America and Alibaba in China, delivered robust returns. MercadoLibre continues to leverage its dominant marketplace share to expand the services it offers customers to include logistics and financial services. Alibaba has recently benefited from the release and rising expectations for its newly unveiled AI offerings, which motivated our purchase late in the third quarter.
- Convenience store and service station operator Casey's General Stores continued to put up fantastic results while energy drink maker Monster flexed its pricing power and strong international sales. We took profits in Monster and put those proceeds to work in a new position in Colgate-Palmolive, a company offering consistent organic growth and margin expansion as well as a significant non-U.S. business.
- Many stocks were sold indiscriminately during the first quarter and into the second because of their association with certain "basket" trades such as AI beneficiaries, importers and semiconductors. This has provided opportunities to buy stocks on sale while reducing similar companies where the risk reward has worsened. This was a common theme among 10 new buys and eight sales.

Outlook

- While business and capital markets activity initially picked up to start the year, the uncertainty caused by tariffs and government layoffs could present headwinds in the near term. A rich pipeline of IPOs still exists but come-to-market plans have also been put on hold in the near term. We will continue to evaluate opportunities in anticipation of activity resuming quickly once we gain more certainty on global trade.
- Fears around tariffs and growing recession risks could abate rapidly with a single executive order or social media post from the president. We are optimistic cooler heads in Washington, D.C. will prevail, lifting the shadow over the potential benefits of deregulation and tax cuts that are expected to come later in Trump's first-year agenda. The sharp selloff among SMID stocks, meanwhile, could create attractive entry points into growth businesses where fundamentals remain sound.

Morningstar Rating™

Overall Rating as of March 31, 2025



(4-Star) Class IS



(4-Star) Class A

As of 03/31/2025 the fund's Class A and Class IS shares received a 4 star overall Morningstar rating™, measuring risk-adjusted returns against 481, 447 and 358 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
Apple Inc.	4.94
NVIDIA Corp.	4.86
ServiceNow Inc	3.84
MercadoLibre Inc.	3.77
WA Premier Institutional U.S. Treasury Reserves	3.13
Performance Food Group Co.	2.97
Microsoft Corp	2.88
Copart Inc	2.58
Casey's General Stores, Inc.	2.48
Fortinet Inc	2.24

Sector Allocation (Equity as a % of Total)

Sector	Fund
Information Technology	32.92
Industrials	14.27
Consumer Discretionary	10.42
Health Care	9.54
Consumer Staples	9.12
Financials	5.29
Energy	4.10
Real Estate	2.79
Communication Services	1.95
Other	2.54

Average annual total returns and fund expenses (%)

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	-8.96	-8.96	1.83	3.05	16.61	13.83	16.05	-8.96	-8.96	1.83	3.05	16.61	13.83	16.05	0.98	0.98	—	—	11/30/2012
Class A	52471R648	LCLAX	-9.07	-9.07	1.45	2.69	16.20	13.42	13.43	-14.06	-14.06	-4.13	0.68	14.83	12.75	12.85	1.40	1.33	5.50	—	9/23/2013
Benchmark	—	—	-4.72	-4.72	7.22	8.22	18.18	11.80	—	-4.72	-4.72	7.22	8.22	18.18	11.80	—	—	—	—	—	—

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 **Magnificent Seven** stocks are Apple, Amazon, Alphabet, Meta Platforms, Microsoft, Nvidia, and Tesla.

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 **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. Source: FTSE.

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

Morningstar Rating™: Source: Morningstar®, 03/31/2025. 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 3, 4 and 5 and fund's Class IS shares received a Morningstar Rating of 3, 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.

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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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