FRANKLIN TEMPLETON | ClearBridge

ClearBridge Sustainability Leaders Fund

Class I: LCISX Class A: CLSUX **Commentary | as of September 30, 2026**

Key Takeaways

- **Markets:** US stocks rose in the third quarter, powered by continued growth in the US economy, low unemployment and expansion in the industrial sector, much of which were driven by continued investment in AI, data centers and related infrastructure. Returns were also shaped by petroleum flow disruption in the Middle East driving diesel prices higher and, partly a result of this, higher inflation expectations and bond yields. The Russell 3000 Index returned 1.4%. Sector performance in the index was mixed, with energy leading on higher oil prices, information technology (IT) and communication services lifted by hyperscaler strength as well as a bounce in software stocks, health care benefiting from defensive posturing and consumer and rate-sensitive sectors flat to down as a result of inflation and rate pressure.
- **Contributors:** On an individual stock basis, the largest contributors to relative returns were Danaher, Palo Alto Networks, Nvidia as well as not owning Tesla and Applied Materials. On a relative basis, stock selection in financials contributed to performance.
- **Detractors:** The largest detractors were Flex, Regal Rexnord, UL Solutions, Centerpoint Energy and not owning Meta Platforms. Stock selection in communication services, IT, materials and industrials detracted from performance. A lack of energy holdings also detracted.
- **Outlook:** Continued expansion remains our base case for the US economy, but elevated interest rates, stubborn inflation as well as lack of final resolution to the Strait of Hormuz crisis create uncertainty.

Top Securities (% of Total)

Holding	Fund
NVIDIA Corp.	9.04
Apple Inc.	7.72
Alphabet Inc. Class A	4.93
Amazon.Com, Inc.	4.53
Microsoft Corp	4.35
Johnson & Johnson	3.67
JPMorgan Chase & Co.	2.95
Advanced Micro Devices, Inc.	2.59
Danaher Corporation	2.34
Palo Alto Networks Inc.	2.16

Performance Review

- A rally in energy stocks, which we do not own under our sustainability mandate, was a significant headwind. Our quality focus and lower-beta IT exposure also limited participation in some of the market's more speculative moves.
- Danaher benefited from a broad rerating of life-sciences tools stocks as evidence grew that the industry is emerging from its post-COVID slump and could benefit from AI-accelerated drug discovery. Palo Alto Networks rallied as AI-driven security concerns supported enterprise cybersecurity demand, while Nvidia benefited from its leadership in AI chips and expectations for stronger growth. Avoiding Tesla helped as its robotaxi rollout progressed more slowly than anticipated.
- Meta surged following the early success of its Muse personal AI agent, while we continue to avoid the company because of social-media controversies and governance concerns. Flex declined during a broader pullback in AI-exposed technology companies as investors questioned elevated valuations and the trajectory of AI infrastructure spending. Regal Rexnord, UL Solutions and CenterPoint Energy also detracted.
- We remain positioned in high-quality compounders, complemented by selective AI beneficiaries and power-infrastructure exposure. During the quarter, we added SiTime, Micron Technology, Tyler Technologies and Boston Scientific. We exited Flowserve, Deere, Cooper Companies and American Water Works. We continue to monitor AI and momentum exposure, valuation, earnings growth and the cyclicality of memory markets while favoring companies with durable fundamentals and sustainability drivers.

Outlook

- Continued expansion remains our base case for the US economy, but elevated interest rates, stubborn inflation as well as lack of final resolution to the Strait of Hormuz crisis create uncertainty. At the same time, AI spending and its downstream effects continue to supercharge parts of the economy and represent a meaningful portion of GDP growth. While AI adoption seems to be picking up steam and compute demand is outstripping supply, we remain vigilant on returns from this spending as this will be a key determinant of the duration and magnitude of hyperscaler capex increases. A meaningful slowdown in absolute levels of hyperscaler spending or even a major deceleration in spending growth can have a major impact on the state of the economy and on specific companies' outlooks.

Not FDIC Insured | No Bank Guarantee | May Lose Value

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 I	52469C702	LCISX	-0.50	10.02	10.46	16.06	7.47	13.82	12.06	-0.50	10.02	10.46	16.06	7.47	13.82	12.06	1.00	0.85	—	—	3/31/2015
Class A	52471R341	CLSUX	-0.57	9.77	10.14	15.73	7.15	13.46	12.19	-6.05	3.75	4.07	13.57	5.88	12.79	11.59	1.28	1.20	5.50	—	11/2/2015
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.** The managers' **environmental, social and governance (ESG) strategies** may limit the types and number of investments available and, as a result, may forgo favorable market opportunities or underperform strategies that are not subject to such criteria. There is no guarantee that the strategy's ESG directives will be successful or will result in better performance. These and other risks are discussed in the fund's prospectus. These and other risks are discussed in the fund's prospectus.

Glossary

Duration is a measure of the sensitivity of a bond's price to changes in interest rates.

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.

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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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