

ClearBridge All Cap Growth Portfolios

Commentary | as of March 31, 2026

Key Takeaways

- **Markets:** Surging volatility pressured U.S. equities to start 2026, as rapidly evolving macro conditions and the outbreak of a military conflict in the Middle East contributed to sharp shifts in investor sentiment. A broad-based sell off among more liquid, larger cap holdings put pressure on the benchmark Russell 3000 Growth Index, which declined 9.5% for the quarter.
- **Contributors:** ASML, Taiwan Semiconductor, Eaton, Freeport-McMoRan. Stock selection in consumer discretionary.
- **Detractors:** Holdings in AppLovin, PayPal, HubSpot, not owning Costco Wholesale, GE Vernova. Stock selection in health care.
- **Outlook:** We believe the ongoing broadening of market leadership, particularly beyond mega cap technology, is a constructive development for our investment universe. After a prolonged period of concentration, normalizing participation market should reward differentiated, high active share portfolios such as ours.

Performance Review

- The Portfolios underperformed the benchmark through an ongoing rotation away from growth and momentum names that was exacerbated by the Iran conflict. This led to sharp dislocations in the information technology (IT) sector and smaller cap health care names, which weighed on relative results versus the predominantly large cap benchmark.
- Within IT, holdings such as Autodesk, CrowdStrike and HubSpot (the last of which we exited during the quarter) declined as investors questioned growth durability and valuation levels across the subsector despite solid quarterly results. AppLovin, which operates a software platform for advertisers to enhance the marketing and monetization of their content — particularly within mobile apps — was also a notable detractor, on fears of AI disruption and rising competition from Meta. We see AppLovin as an early adopter and longer-term beneficiary of AI, as greater gaming and application development should increase the need for discovery.
- However, there were several bright spots in IT, specifically within the semiconductor fabrication and equipment industry. ASML, a leading maker of extreme ultraviolet lithography equipment critical for the production of advanced semiconductors, was fueled by record-breaking orders for AI infrastructure and a significantly raised revenue outlook for 2026. Similarly, Taiwan Semiconductor Manufacturing, the world's leading contract manufacturer of advanced semiconductors, announced annual revenue growth that topped analyst estimates. Additionally, the company announced a large capital expenditure budget, estimated between \$52 billion to \$56 billion for the year, signaling high confidence in sustained AI demand.
- Health care was 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. Intuitive Surgical, manufacturer of the DaVinci robot for use in soft tissue and similar surgeries, announced an outlook on procedures that came in modestly below expectations, pressuring the stock. However, we believe this was due to conservative guidance versus stalls in demand.
- Holdings in the consumer discretionary sector were key contributors, led by TJX, which put up better than expected same-store sales growth despite a more constrained consumer spending environment.
- Materials was another contributor to relative performance, as rising input prices and tightening supply conditions as well as supply constraints and geopolitical developments drove improving pricing dynamics across key markets. This was particularly beneficial for copper miner Freeport-McMoRan.
- The Portfolios also saw positive contributions from a diversified mix of industrials names, led by Eaton, a key provider of equipment to enable electrical connectivity.

Outlook

- We believe the start of 2026 demonstrated stabilization for the Portfolios compared to the prior year. While the top-heavy composition of the Russell 3000 Growth Index causes us to maintain a significant weighting to the Magnificent Seven, our mega cap exposure did not have an overriding influence on first-quarter performance. Instead, we were encouraged by the diversified contributions received across multiple sectors outside IT.
- Importantly, we remain active. We are not standing still in the face of volatility but are instead using it to refine the portfolio — trimming positions where risk-reward has become less favorable and adding to high-conviction ideas where valuations have become more compelling. We also believe the ongoing broadening of market leadership, particularly beyond mega cap technology, is a constructive development for our investment universe. After a prolonged period of concentration, normalizing participation market should reward differentiated, high active share portfolios such as ours.

Top Equity Issuers (% of Total)

Holding	Portfolio
NVIDIA Corp	9.66
Broadcom Inc	7.89
Amazon.com Inc	7.38
Apple Inc	5.87
Meta Platforms Inc	4.89
Microsoft Corp	3.86
Visa Inc	3.75
Netflix Inc	3.09
CrowdStrike Holdings Inc	2.51
Vertex Pharmaceuticals Inc	2.49

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

Composite	3-Mo*	6-Mo*	YTD*	1-Yr	3-Yr	5-Yr	10-Yr	15-Yr	20-Yr	25-Yr	Inception	Inception Date
Net of Fees	-10.89	-12.25	-10.89	6.22	12.80	4.58	9.61	10.12	7.67	6.64	8.66	6/30/1996
Pure Gross of Fees	-10.20	-10.91	-10.20	9.39	16.16	7.71	12.88	13.40	10.89	9.83	11.90	6/30/1996
Benchmark	-9.54	-8.51	-9.54	18.75	20.64	12.05	16.38	14.90	12.16	10.09	10.05	—

*Cumulative total returns

Benchmark(s)

Benchmark = Russell 3000 Growth Index

The strategy returns shown are preliminary composite returns, subject to future revision (downward or upward).

Past performance is not a guarantee of future results. An investment in this strategy can lose value. Please visit www.franklintempleton.com for the latest performance figures. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Fees: Periods less than one year are not annualized. Performance results are for the composite which includes all actual, fully discretionary accounts with substantially similar investment policies and objectives managed to the composite's investment strategy. Composite returns are stated in U.S. dollars and assume reinvestment of any dividends, interest income, capital gains, or other earnings. The composite may include account(s) that are gross of fees and pure gross of fees. "Pure" gross-of-fee returns do not reflect the deduction of any expenses, including transaction costs. A traditional (or "true") gross-of-fee return reflects performance after the reduction of transaction costs but before the reduction of the investment advisory fee. The gross-of-fee return may include a blend of "true" gross-of-fee returns for non-wrap accounts and "pure" gross-of-fee returns for wrap accounts. Net-of-fee returns is reduced by a model "wrap fee" (3.0% is the maximum anticipated wrap fee for equity and balanced portfolios) which includes trading expenses as well as investment management, administrative and custodial fees. The model wrap fee used represents the highest anticipated wrap fee applicable to the strategy. Actual fees and account minimums may vary.

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What are the Risks?

All investments involve risks, including possible loss of principal. To the extent the portfolio invests in a **concentration of certain securities, regions or industries**, it is subject to increased volatility. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks.

Glossary

Active Share is a measure of the percentage of stock holdings in a manager's portfolio that differs from the benchmark index.

Capital Expenditure (capex) are funds used by a company to acquire or upgrade physical assets such as property, industrial buildings or equipment.

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

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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.

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Source: FTSE.

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