FRANKLIN TEMPLETON

ClearBridge

ClearBridge All Cap Growth Portfolios

Commentary | as of September 30, 2025

Key Takeaways

- **Markets:** U.S. equities continued their momentum in the third quarter, with the S&P 500 Index up 8.1% and the benchmark Russell 3000 Growth Index increasing 10.4%. Investor optimism was fueled by better-than-feared tariff outcomes, the passing of the One Big Beautiful Bill Act, a Fed rate cut and robust corporate earnings.
- **Contributors:** Holdings in AppLovin, TE Connectivity, Microsoft and Broadcom. Stock selection in consumer staples and an underweight to consumer staples.
- **Detractors:** Holdings in Vertex Pharmaceuticals and Netflix, underweights to Apple, Tesla and Alphabet. Stock selection in information technology (IT) and communication services.
- **Outlook:** Monetary easing and potential regulatory changes could provide tailwinds in 2026, but we appreciate that many stocks have begun to price in a more optimistic environment and remain cognizant of a number of economic and geopolitical risks that could derail the market's current momentum.

Top Equity Issuers (% of Total)

Holding	Portfolio
NVIDIA Corp	9.46
Broadcom Inc	7.51
Amazon.com Inc	6.95
Apple Inc	5.74
Microsoft Corp	5.62
Meta Platforms Inc	5.60
Visa Inc	3.78
Netflix Inc	3.44
Crowdstrike Holdings Inc	2.81
Vertex Pharmaceuticals Inc	1.95

Performance Review

- The Portfolios underperformed the benchmark, hurt by stock selection in IT and communication services.
- Netflix delivered strong second quarter results but detracted as the video streamer reported that operating margins would weaken in the second half of 2025 due to increased spending on content and marketing. Vertex Pharmaceuticals fell following announcement that it's a clinical trial for acute pain failed to meet its objective in its Phase 2 pain study and would not be progressing further.
- Apple shares were up as indicators showed stronger than expected demand for its iPhone 17 and the beginning of a potentially major upgrade cycle; Tesla surged on the launch of its robotaxi service while Alphabet was higher on robust earnings, driven by strength in its Gemini AI model, as well as a positive ruling in an antitrust case. The Fund's underweight to these outperforming stocks impacted relative results.
- On the positive side, AppLovin, a software-based platform for advertisers to enhance the marketing and monetization of their content, rose on solid second quarter earnings, with sustained growth from the company's core gaming business and increased optimism around catalyst driven growth in its emerging e-commerce business. TE Connectivity was a strong contributor on the strength of its AI-enabled sensors and embedded systems while Broadcom also contributed meaningfully, due to its growing custom silicon business for AI customers.
- Cloud hyperscaler and Gen AI developer Microsoft rose on robust results in its Intelligent Cloud segment amid growing AI adoption.
- The Portfolios added Oracle, a leading provider of database software for large enterprises, has successfully expanded into cloud infrastructure as a platform to run generative AI workloads. We also initiated a position in Natera, which specializes in DNA testing across oncology, women's health and organ health. We believe the company has a long runway for growth as adoption of minimal residual disease testing, a nascent post-cancer treatment area, increases.
- We stayed disciplined in exiting positions where our investment thesis had evolved from its original premise. We exited UnitedHealth Group due to concerns that the challenges the company faces, particularly at its health services unit Optum, will take time to address. We also exited positions Workday and Accenture, lowering our exposure to application software providers given decelerating fundamental growth and growing risks around AI.

Outlook

- Momentum remains strong and valuations high across the large cap market, most notably among growth stocks. We have purposely positioned the Portfolios to pursue consistent results through the business cycle. When the Russell 3000 Growth Index compounds at its historical rate, the Portfolios have shown an ability to outperform. We also have a track record of strong downside capture during challenged market environments as demonstrated in the first quarter of this year. Due to our focus on diversification and risk management, however, we tend to lag the benchmark in higher-return, beta-driven momentum periods like the current one.
- Looking ahead, while monetary easing and potential regulatory changes could provide tailwinds in 2026, we appreciate that many stocks have begun to price in a more optimistic environment and remain cognizant of a number of economic and geopolitical risks that could derail the market's current momentum.

Average annual total returns (%) - as of September 30, 2025-PRELIMINARY

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	3.82	21.04	10.86	16.79	23.87	10.53	11.60	12.22	8.55	6.58	9.30	6/30/1996
Pure Gross of Fees	4.58	22.78	13.32	20.26	27.53	13.82	14.92	15.56	11.79	9.78	12.56	6/30/1996
Benchmark	10.41	29.79	16.82	24.79	30.76	17.03	18.26	16.95	13.04	8.43	10.57	–

*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.
For fee schedules, contact your financial professional, or if you enter into an agreement directly with Franklin Templeton Private Portfolio Group, LLC ("FTPPG"), refer to FTPPG's Form ADV Part 2A disclosure document. Management and performance of individual accounts may vary for reasons that include the existence of different implementation practices and model requirements in different investment programs.

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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

The **S&P 500 Index** features 500 leading U.S. publicly traded companies, with a primary emphasis on market capitalization. Source: © S&P Dow Jones Indices LLC. All rights reserved.

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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. Source: FTSE.

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