FRANKLIN TEMPLETON | ClearBridge

ClearBridge All Cap Growth Portfolios

Commentary | as of June 30, 2026

Key Takeaways

- **Markets:** Equity markets rallied in the second quarter, fueled by robust corporate earnings and optimism that a U.S.-Iran ceasefire would bring down commodity prices and temper geopolitical risk. Despite wavering AI sentiment in June, the S&P 500 Index finished up 15.2% while the benchmark Russell 3000 Growth Index advanced 17.1%.
- **Contributors:** CrowdStrike, Palo Alto Networks, Taiwan Semiconductor, ASML. Stock selection in consumer staples.
- **Detractors:** Netflix, Autodesk, not holding Advanced Micro Devices, Lam Research and KLA. Stock selection in communication services, health care.
- **Outlook:** Despite recent headwinds, the transformation of the Russell growth indexes and the likelihood of market broadening gives us renewed confidence in our ability to deliver alpha for shareholders.

Performance Review

- In communication services, Netflix declined as investors worried about slowing user engagement and were disappointed the company did not raise full-year guidance despite another solid quarter. Design software maker Autodesk came under pressure after announcing its acquisition of MaintainX, a frontline operations software vendor.
- Not holding semiconductor names AMD, Lam Research and KLA in a speculative growth market was a relative headwind.
- Contributors included information security software platforms CrowdStrike and Palo Alto Networks. Palo Alto was lifted by quarterly earnings and revenue above expectations driven by strong enterprise demand for AI-native cybersecurity solutions while CrowdStrike was supported by its progress in agentic AI and broader security spending tailwinds. Datadog also contributed following a beat-and-raise earnings report supported by accelerating customer demand for software used to monitor AI-native workloads.
- Taiwan Semiconductor moved higher on pricing power and a healthy backlog due to its position as the dominant foundry for leading edge chips while ASML jumped on surging demand for AI chips driving order backlogs for its extreme ultraviolet lithography machines.
- The second quarter marked one of the most significant Russell U.S. Indexes reconstitutions in recent years. The rebalance materially reduced the weight of the Magnificent Seven within the Russell 3000 Growth Index as Apple, Microsoft and Amazon shifted toward the Russell 3000 Value Index while Alphabet's weighting increased.
- We view the benchmark's reduction in top-heavy concentration as a constructive development, although the index has also become increasingly momentum oriented.
- Most of our positioning activity was related to the Russell rebalance as we increased exposure to Alphabet and added meaningfully to Arista Networks, a leading maker of high-speed switches enabling high-speed data transfer within server racks.
- In addition, we initiated a position in Boston Scientific, a medical technology company that develops devices for minimally invasive procedures to treat cardiovascular conditions. We believe the market underestimates the company's durability of growth beyond its headline drivers as many treatment areas remain underpenetrated.
- We participated in the SpaceX IPO, helping keep the portfolio aligned with a more risk-on benchmark. We believe SpaceX possesses meaningful competitive advantages across several large addressable aerospace and communications markets.
- To fund these purchases, we reduced our position in Amazon and exited Intuit as we became increasingly concerned that artificial intelligence could commoditize portions of its tax preparation business.

Outlook

- Despite recent performance headwinds, we believe the transformation of our benchmark and improving conditions for a broadening market enhance our ability to generate long-term alpha for shareholders.
- We expect volatility to ease in the third quarter, and we are encouraged that some outsize moves driven more by flows and momentum than fundamentals have begun to reverse. While mindful of the consequences of increased portfolio turnover, we believe repositioning efforts should support positive long-term performance and greater stability of returns over time. We expect to continue recalibrating portfolio exposures while evaluating the most attractive opportunities across the AI ecosystem.
- These companies are leading an information technology (IT) sector generating earnings growth that is twice as fast as the overall market. Such earnings power allays the risks of a growth stock bubble, although we remain concerned about when massive hyperscaler capex will produce a compelling return on investment.

Top Equity Issuers (% of Total)

Holding	Portfolio
NVIDIA Corp	9.73
Broadcom Inc	8.20
Apple Inc	6.46
Amazon.com Inc	5.88
Meta Platforms Inc	4.23
Visa Inc	3.73
Crowdstrike Holdings Inc	3.63
Microsoft Corp	3.42
Palo Alto Networks Inc	3.05
ASML Holding NV	2.60

Not FDIC Insured | No Bank Guarantee | May Lose Value

Average annual total returns (%) - as of June 30, 2026-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	13.16	0.83	0.83	3.09	13.60	5.52	10.97	10.87	8.59	6.77	9.03	6/30/1996
Pure Gross of Fees	13.96	2.33	2.33	6.18	16.97	8.67	14.27	14.18	11.83	9.97	12.28	6/30/1996
Benchmark	17.05	5.88	5.88	18.24	22.26	13.17	18.13	16.06	13.29	10.40	10.54	–

*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).

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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

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

The **Russell 3000 Value Index** measures the performance of the broad value segment of U.S. equity value universe. Source: FTSE.

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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