

ClearBridge All Cap Growth Portfolios

Commentary | as of December 31, 2025

Key Takeaways

- **Markets:** U.S. equities delivered resilient but volatile performance in the fourth quarter. Momentum-driven themes tied to artificial intelligence (AI) extended into the early part of the quarter before reversing, resulting in heightened volatility and greater stock-level dispersion. The benchmark Russell 3000 Growth Index advanced 1.1%.
- **Contributors:** Vertex Pharmaceuticals, Freeport McMoRan and Natera as well as underweights to Microsoft and Oracle Stock selection in consumer discretionary.
- **Detractors:** Netflix, Doximity, underweights to Alphabet and Apple and not holding Eli Lilly. Stock selection in communication services and health care.
- **Outlook:** Markets remain resilient, but volatility has increased as momentum-driven areas cooled and stock-level dispersion widened, reinforcing the importance of disciplined stock selection and a balanced approach to portfolio construction.

Performance Review

- An underweight to Alphabet was a primary detractor. We had been consistently adding to Alphabet since repurchasing the stock in April 2024, as it had been trading at a sub-market multiple, but we regret not increasing our exposure more aggressively after the DOJ antitrust case concluded with less onerous penalties than feared. The company's success with AI-supported digital advertising, its Google Gemini chatbot and TPU chips for AI workloads boosted its shares more than 25% for the quarter. An underweight to the outperforming Apple also weighed on results.
- Netflix fell due to investor uncertainty and concerns over its proposed \$72 billion acquisition of Warner Bros. Discovery's studio assets, a move complicated by a rival bid from Paramount/Skydance, potential regulatory hurdles and integration risks, muddling its previously clear growth narrative.
- In health care, Eli Lilly rose strongly after striking a deal with the U.S. government to offer its GLP-1 treatments to Medicare and Medicaid patients while readouts on the company's oral GLP-1 treatment indicated a broader market than expected. This caused our lack of exposure to be a drag on relative results.
- Partially offsetting this weakness, Vertex Pharmaceuticals benefited from growing optimism around its kidney disease pipeline; Thermo Fisher Scientific was up on improved sentiment toward the health care sector while Natera was higher on positive results in its oncology business and raised financial guidance.
- We initiated three positions, the largest being European aerospace and defense contractor Airbus. The long-term demand for commercial aircraft to support air travel is increasing, with much of the growth from China and other parts of Asia, while aging of the existing fleet provides a robust pipeline of replacement demand for years to come.
- Linde is a well-run company operating in an attractive, consolidated end market of industrial gas, a key input in many industries including technology, chemicals, manufacturing, health care and electronics. Hilton is one of the world's largest and fastest-growing hospitality companies with a portfolio of over 8,500 properties and more than 1.25 million rooms across 24 brands. We believe it has a long runway for growth supported by continued mid- to high-single-digit net unit expansion.

Outlook

- Our outlook remains consistent with what we articulated earlier in the year — and importantly, what played out in the fourth quarter. Markets remain resilient, but volatility has increased as momentum-driven areas cooled and stock-level dispersion widened, reinforcing the importance of disciplined stock selection and a balanced approach to portfolio construction.
- AI continues to represent a powerful long-term opportunity, though early beneficiaries such as semiconductors and infrastructure have already seen significant gains. We are focused on making sure we have not only the right exposure within the AI complex but also other offensive bets in the portfolio should market leadership broaden further. At the same time, we continue to emphasize balance, owning companies not only with offensive growth potential but also defensive characteristics built on strong free cash flow, clean balance sheets and proven management teams, which should help to protect the portfolio should the environment weaken.

Top Equity Issuers (% of Total)

Holding	Portfolio
NVIDIA Corp	9.28
Broadcom Inc	7.93
Amazon.com Inc	7.35
Apple Inc	5.65
Meta Platforms Inc	5.07
Microsoft Corp	4.53
Visa Inc	3.91
Netflix Inc	2.71
CrowdStrike Holdings Inc	2.71
Vertex Pharmaceuticals Inc	2.27

Average annual total returns (%) - as of December 31, 2025

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	-1.52	2.24	9.18	9.18	22.15	7.69	10.69	11.21	8.40	6.62	9.16	6/30/1996
Pure Gross of Fees	-0.79	3.76	12.43	12.43	25.76	10.91	13.99	14.52	11.63	9.82	12.41	6/30/1996
Benchmark	1.14	11.67	18.15	18.15	30.25	14.59	17.59	16.14	12.95	9.53	10.51	—

*Cumulative total returns

Benchmark(s)

Benchmark = Russell 3000 Growth Index

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.

ClearBridge Investments, LLC claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

To obtain specific information on available products and services or a GIPS Report, contact your Franklin Templeton separately managed account sales team at (800) DIAL BEN/342-5236.

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 **Department of Justice (DOJ)** is an executive department of the U.S. federal government responsible for enforcing federal laws and ensuring fair legal practices.

Free cash flow (FCF) is a measure of financial performance calculated as operating cash flow minus capital expenditures.

Important Information

The information provided is not a complete analysis of every material fact regarding any country, market, industry, security or portfolio. 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 portfolio's selection process. Holdings are subject to change.

These materials are being provided for illustrative and informational purposes only. The information contained herein is obtained from multiple sources that are believed to be reliable. However, such information has not been verified, and may be different from the information included in documents and materials created by the sponsor firm in whose investment program a client participates. Some sponsor firms may require that these materials be preceded or accompanied by investment profiles or other documents or materials prepared by such sponsor firms, which will be provided upon a client's request. For additional information, documents and/or materials, please speak to your Financial Professional or contact your sponsor firm.

Franklin Templeton (FT) is not undertaking to provide impartial advice. Nothing herein is intended to provide fiduciary advice. FT has a financial interest.

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.

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

Source: FTSE.

Holdings are provided for informational purposes only and should not be construed as a recommendation to purchase or sell any security.

Separately Managed Accounts (SMAs) are investment services provided by Franklin Templeton Private Portfolio Group, LLC (FTPPG), a federally registered investment advisor. Client portfolios are managed based on investment instructions or advice provided by one or more of the following Franklin Templeton affiliated sub-advisors: ClearBridge Investments, LLC. Management is implemented by FTPPG, the designated sub-advisor or, in the case of certain programs, the program sponsor or its designee.

ClearBridge Investments, LLC is a Franklin Templeton affiliated company.

© Franklin Templeton. All rights reserved.