



ClearBridge Large Cap Growth ESG Portfolios

Commentary | as of September 30, 2025

Key Takeaways

- Markets: Equities surged in the third quarter, fueled by better-than-feared tariff outcomes, the passing of the One Big Beautiful Bill Act in July, anticipated interest rate cuts — the Federal Reserve cut 25 bps cut in September and signaled further easing — and robust corporate earnings, particularly in technology and the Magnificent Seven. The benchmark Russell 1000 Growth Index rose 10.5% for the quarter and is up 46.7% from its early April lows.
- Contributors: Holdings in Microsoft, Taiwan Semiconductor, ASML and not holding Costco Wholesale. Stock selection in consumer staples.
- Detractors: Holdings in Netflix, Visa and Intuitive Surgical, underweights to Apple and Alphabet. Stock selection in information technology (IT), communication services and health care.
- Outlook: Looking ahead to 2026, we are optimistic but also cautious. While Al winners continue to dominate market
 attention, the Portfolios are prepared for a range of scenarios, including stagflation or a rate-cutting rally.

Performance Review

- A significant theme since Liberation Day has been exuberance around Al and divergence between "Al winners" and "Al losers." Al winners, consisting primarily of cloud providers, chip makers and certain infrastructure software companies, have rallied even more strongly from the April lows while capital has flowed out of perceived Al laggards in areas like application software and services.
- The Portfolios have underperformed the benchmark due to underexposure to perceived Al winners (Broadcom, Oracle, not owning Palantir Technologies) as well as holding several names deemed by investors to be Al losers (Workday, Salesforce, Accenture). Several of our Al-indexed holdings were leading contributors in the quarter including cloud hyperscaler Microsoft, contract chip manufacturer Taiwan Semiconductor and chip equipment maker ASML.
- Netflix delivered strong second quarter results but was a detractor as the video streamer reported that operating margins
 would weaken in the second half of 2025 due to increased spending on content and marketing. Intuit also reported strong
 quarterly results but was pressured by full year guidance that didn't surprise to the upside.
- The health care sector is facing a myriad of questions around underlying spending levels, tariff concerns and regulatory risks.
 Medical robotics maker Intuitive Surgical was lower in the quarter due to those headwinds and higher costs leading to pressure on margins.
- The Portfolios initiated new positions in infrastructure software providers Oracle and Datadog and added to custom silicon developer Broadcom. Oracle has successfully expanded into cloud infrastructure as a platform to run generative Al workloads. Datadog operates a monitoring, observability and data security platform for cloud applications, a large and growing end market with penetration rising as use and complexity of applications grow.
- We exited positions in Workday and Accenture, lowering our exposure to application software providers given decelerating fundamental growth and growing risks around Al.
- In health care, we exited UnitedHealth following remarks from returning CEO Stephen Helmsley about a turnaround plan that
 indicated the path to recovery will be protracted. Our more muted view of the GLP-1 market prompted the sale of leading
 diabetes and obesity franchises Eli Lilly and Novo Nordisk. We upgraded our biopharmaceutical exposure with the purchase
 of Vertex Pharmaceuticals, a high-quality biotech with a leading franchise in cystic fibrosis.

Outlook

- On the ESG front, recent engagements with ClearBridge portfolio companies like Linde have touched on ways they are
 developing carbon capture and sequestration and how in most cases advanced these capabilities are driving share gains
 and improving cash flows
- Momentum remains strong and valuations high across the large cap market, most notably among growth stocks. We have purposely positioned the Portfolios as an all-weather strategy that seeks to deliver consistent results through the business cycle. When the Russell 1000 Growth Index compounds at its historical average of 11.9%, 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.
- Despite the near-term performance challenges, nothing has changed in our investment approach or management of the
 portfolio. We have always tried to buy names at attractive entry points, using our long-term orientation to take advantage of
 periods of volatility like the aftermath of Liberation Day.
- Looking ahead to 2026, we are optimistic but also cautious. While AI winners continue to dominate market attention, the
 Portfolios are prepared for a range of scenarios, including stagflation or a rate-cutting rally.

Top Equity Issuers (% of Total)

Holding	Portfolio
NVIDIA Corp	12.79
Microsoft Corp	8.23
Amazon.com Inc	7.70
Meta Platforms Inc	6.71
Apple Inc	5.92
Visa Inc	4.23
Netflix Inc	3.92
Alphabet Inc	2.69
Tesla Inc	2.54
Palo Alto Networks Inc	2.43

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	2.76	16.27	7.03	9.93	24.92	10.52	13.26	13.27	8.91	_	8.35	10/31/2003
Pure Gross of Fees	3.52	17.96	9.42	13.21	28.60	13.81	16.63	16.63	12.16	_	11.58	10/31/2003
Benchmark	10.51	30.22	17.24	25.53	31.61	17.58	18.83	17.36	13.33	_	12.75	_

^{*}Cumulative total returns

Benchmark(s)

Benchmark = Russell 1000 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?

BEN/342-5236.

All investments involve risks, including possible loss of principal. 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.

Glossary

A basis point (bp, or bps) is one one-hundredth of one percent (1/100% or 0.01%).

The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. Source: FTSE.

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

Stagflation is a seemingly contradictory condition described by slow economic growth and relatively high unemployment, or economic stagnation, which is at the same time accompanied by rising prices (i.e. inflation).

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The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. Source: FTSE.

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