



ClearBridge Appreciation Portfolios

Commentary | as of September 30, 2025

Key Takeaways

- Markets: The S&P 500 Index continued its upward grind, rising 8% in the third quarter and advancing 15% year to date.
 The S&P 500's strength is even more impressive given the index is up 34% since the April 8 post-Liberation Day low, at which point it was down 15% for the year. Clearly, tariff turmoil is in the rearview mirror for investors, while the AI economy powers ahead.
- Contributors: Stock selection in and an underweight to the health care sector and a communication services
 overweight proved beneficial.
- **Detractors:** Stock selection in the industrials, communication services and IT sectors and an IT underweight detracted from relative results.
- Outlook: As in the second quarter, policy remains supportive of near-term growth, and capital markets conditions
 suggest risky assets such as stocks can continue to do well. That said, the market appears to be entering a more
 speculative phase, raising the risk of correction.

Performance Review

- The ClearBridge Appreciation Portfolios underperformed the benchmark S&P 500 Index in the third quarter. On an absolute
 basis, the Portfolios had positive contributions from eight of 11 sectors. The IT and communication services sectors were the
 main positive contributors, while consumer staples, industrials and real estate were the detractors.
- On an individual stock basis, the biggest relative contributors during the quarter were ASML, TJX, Vulcan Materials, AbbVie
 and not owning Costco. The biggest detractors were Synopsys, Honeywell International and Netflix and underweights to
 Apple and Tesla
- In IT, we benefited from a rebound in ASML a high-quality semiconductor chip manufacturing equipment name as the
 market focused on the continued need to increase chip manufacturing capacity in the years to come.
- Vulcan Materials re-affirmed its guidance, noting data center projects require infrastructure spending beneficial to
 aggregates and Vulcan has a strategically placed footprint. Vulcan's defensiveness and pricing power also make it attractive
 amid a slower industrial economy.
- Synopsys (SNPS), in the IT sector, is a leading provider of electronic design automation software and services to the
 semiconductor industry. The company's reset to its earnings expectations, driven by weakness in its IP business, hurt shares
 and was a thesis changer relative to our previous view, that, given demand trends in the semiconductor industry, Synopsis
 was a relatively low-risk compounder capitalizing on the secular trend of increasing chip demand. Given the lack of visibility
 and the potential for continued weakness from IP customers in China and the U.S., we exited our position.

Outlook

- As in the second quarter, policy remains supportive of near-term growth, and capital markets conditions suggest risky assets
 such as stocks can continue to do well. That said, the market appears to be entering a more speculative phase, raising the
 risk of correction. In our view, capital markets will probably determine whether equities can sustain their advance. If investors
 keep rewarding Al megaprojects with higher share prices the cycle can persist. But if markets tire of new multiyear
 infrastructure commitments or funding Al firms at ever-richer valuations, there is little valuation support to fall back on.
- We are long-term investors focused on through-the-cycle outperformance via downside protection, and we increasingly
 believe risks may be starting to outweigh the potential rewards. Accordingly, we keep a close eye on balance sheet and cash
 flow durability across our holdings to ensure our exposure centers on companies with the financial wherewithal to weather a
 potential cooling in today's white-hot environment.

Top Equity Issuers (% of Total)

Holding	Portfolio
Microsoft Corp	9.04
NVIDIA Corp	7.36
Alphabet Inc	5.09
Apple Inc	4.43
Meta Platforms Inc	3.87
Broadcom Inc	3.35
Amazon.com Inc	2.98
JPMorgan Chase & Co	2.89
Bank of America Corp	2.62
Walmart Inc	2.45

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	5.32	15.73	11.80	13.13	17.22	10.71	9.54	9.49	7.28	_	7.82	2/28/2003
Pure Gross of Fees	6.09	17.41	14.27	16.49	20.69	14.01	12.81	12.75	10.48	_	11.04	2/28/2003
Benchmark	8.12	19.96	14.83	17.60	24.94	16.47	15.30	14.64	10.97	_	11.74	_

^{*}Cumulative total returns

Benchmark(s)

Benchmark = S&P 500 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.

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What are the Risks?

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