# ClearBridge Large Cap Growth ESG Portfolios

# ClearBridge

Separately Managed Accounts | Fact Sheet as of March 31, 2025

# **Investment overview**

The ClearBridge Large Cap Growth ESG Portfolios are designed for investors seeking longterm capital appreciation through investing in large-capitalization companies with the potential for solid long-term performance.

The ESG Investment Program actively incorporates environmental, social and governance (ESG) factors into the fundamental research platform and the stock selection process. In addition, ongoing company engagement and shareholder advocacy are key components of the Program.

A few examples of the ESG considerations include:

- Innovative workplace policies, employee benefits and programs
- Environmental management system strength, eco-efficiency and life-cycle analysis
- · Community involvement, strategic philanthropy and reputation management
- Strong corporate governance and independence on the board

ClearBridge is a Signatory to the UN Principles for Responsible Investment and is affiliated with the Investor Network on Climate Risk, the Carbon Disclosure Project, the Interfaith Center on Corporate Responsibility, the Global Impact Investing Network, and the US Forum for Sustainable and Responsible Investment.

# **Investment objective**

# Seeks to:

- · Focus on consistent growth of capital while managing volatility
- Outperform the Russell 1000 Growth Index over a full market cycle, and with less potential risk
- · Perform well in rising markets and outperform the Russell 1000 Growth Index in declining markets
- Actively evaluate a company's "non-financial" drivers of business performance to gauge its level of social awareness

# Investment philosophy

- Invest in leadership companies where we believe the market price underestimates the magnitude of future growth
- Use stock selection as the primary driver identify category leaders with characteristics to sustain that
  position
- Find secular tailwinds to support multi-year investment opportunities, allowing for compounding of earnings and cash flow
- Perform rigorous analysis to understand company fundamentals, key competitive dynamics and industry structure

# Believe that the best business models win over time

- · Identify barriers to entry and prefer companies with innovation prowess, regardless of size
- · Look for businesses that protect and grow market share consistently
- · Gravitate to self-funding business models with significant recurring revenue
- Seek businesses with the ability to generate superior free cash flow over time

# · Stress test the sustainability of profitability and growth

# Take a disciplined approach to valuation

# **Key differentiators**

- High-conviction, concentrated, low-turnover approach
- Bottom-up driven investment decision
- Diversification across growth spectrum (Cyclical, Stable, Select)

# **Management team**

ClearBridge Investments is a well-established global investment manager focusing on proprietary research and fundamental investing. With over 60 years of experience building portfolios for clients seeking income solutions, high active share or low volatility, long-tenured portfolio managers provide strong leadership in a centralized investment structure.

# Investment management team

#### Erica Furfaro

Director Portfolio Manager Industry since 2005

Margaret Vitrano Managing Director Portfolio Manager Industry since 1996

Active share is a measure of the percentage of stock holdings in a manager's portfolio that differs from the benchmark index.

# **Investment process**

# STEP

# Idea generation

- Sector analysts and PMs each propose companies with attractive business models and good longterm growth prospects for further review.
- Idea generation is an ongoing and continual process.

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# Fundamental analysis

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- Analysts and PMs work together to understand the durability of a company's growth and profit.
- Meet with target company management, competitors and industry experts.
- Determine appropriate entry price.

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# Portfolio construction

- Own companies with a range of growth and volatility.
- Monitor sector weightings and correlations among current holdings.



# Risk management/Evaluation discipline

· Assess risk regularly.

The investment process may change over time. The characteristics set forth above are intended as a general illustration of some of the criteria the strategy team considers in selecting securities for client portfolios. There is no guarantee that investment objectives will be achieved.

# **Portfolio Information<sup>‡</sup>**

As of March 31, 2025

# Top Ten Holdings (%)

	Portfolio
NVIDIA Corp	8.31
Amazon.com Inc	8.06
Microsoft Corp	6.72
Meta Platforms Inc	6.22
Visa Inc	5.66
Apple Inc	5.19
Netflix Inc	3.76
UnitedHealth Group Inc	2.57
Salesforce Inc	2.54
Palo Alto Networks Inc	2.19
Total	51.23

# Market Capitalization (%)

	Portfolio	BN
<10 Billion	0.00	1.29
10-50 Billion	3.63	8.42
50-250 Billion	36.74	21.53
250-500 Billion	10.83	7.69
>500 Billion	48.79	61.07

# Sector Weightings (%)

	Portfolio	BM
Information Technology	35.93	46.17
Health Care	12.02	7.84
Communication Services	11.89	12.75
Consumer Discretionary	11.60	14.88
Financials	10.84	7.66
Industrials	8.73	4.86
Consumer Staples	2.50	3.85
Real Estate	1.79	0.57
Materials	1.72	0.65
Energy	0.00	0.53
Utilities	0.00	0.22
Cash & Cash Equivalents	2.99	0.00

#### Characteristics

	Portfolio	BM
Number of Issuers	40	394
Estimated 3-5 Year EPS Growth	14.39%	14.91%
Price to Earnings (12-Month Forward)	26.21x	26.27x
Price to Book	11.79x	13.53x
Dividend Yield	0.62%	0.66%
Median Market Cap (Millions USD)	\$479,231	\$833,459
Weighted Average Market Capitalization (Millions USD)	\$1,031,259	\$1,355,808

<sup>‡</sup>Source: FactSet. Portfolio characteristics listed are based on a model portfolio, not an actual client account. The model portfolio is a hypothetical portfolio whereby the portfolio characteristics are based on simulated trading and account activity of a client account invested in this strategy. The model portfolio assumes no withdrawals, contributions or client-imposed restrictions. Portfolio characteristics of individual client accounts may differ from those of the model portfolio as a result of account size, client-imposed restrictions, the timing of client investments, market conditions, contributions, withdrawals and other factors.

# Performance

# Annualized Rates of Return - Pure Gross and Net of Fees (%) as of March 31, 2025 - PRELIMINARY

	1 Mth	3 Mths	YTD	1 Year	3 Year	5 Year	7 Yrs	10 Year	15 Yrs	20 Year
Large Cap Growth ESG –Pure Gross of Fees—(USD)	-7.37	-7.24	-7.24	4.58	10.26	18.12	14.56	14.64	15.07	11.55
Large Cap Growth ESG –Net of Fees—(USD)	-7.62	-7.94	-7.94	1.54	7.06	14.71	11.25	11.33	11.75	8.32
Russell 1000 Growth Index —(USD)	-8.42	-9.97	-9.97	7.76	10.10	20.09	16.09	15.12	15.29	12.20

# Calendar-Year Total Returns – Pure Gross and Net of Fees (%) ending December 31

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Large Cap Growth ESG –Pure Gross of Fees—(USD)	27.07	45.42	-30.66	23.96	33.42	32.39	1.19	26.80	9.12	11.19
Large Cap Growth ESG –Net of Fees—(USD)	23.43	41.30	-32.75	20.40	29.60	28.61	-1.76	23.17	5.95	7.97
Russell 1000 Growth Index —(USD)	33.36	42.68	-29.14	27.60	38.49	36.39	-1.51	30.21	7.08	5.67

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.

<sup>1</sup> 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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# Performance Statistics<sup>1</sup> Preliminary (based on 10-year period ending March 31, 2025)

# Risk/Return profile (%)



# Large Cap Growth ESG (Pure Gross) Annualized Return (%) 14.64 Annualized Standard Deviation (%) 17.13 Large Cap Growth ESG (Net) 11.33 Annualized Return (%) 17.13 Russell 1000 Growth Index 17.12 Annualized Return (%) 15.12 Annualized Standard Deviation (%) 17.41

# Growth of \$100,000\*



# Up/Down market capture ratios (%)



# Modern portfolio statistics

	Portfolio (Pure gross)	Portfolio (Net)	BN
Sharpe Ratio	0.78	0.60	0.79
Beta	0.96	0.96	N/A
Alpha (%)	0.03	-2.89	N/A
R-Squared	0.96	0.96	N/A
	(+) Months	(-) Mor	nths
Pure Gross:	78	42	
Not:	78	12	

#### <sup>1</sup> Source: Franklin Templeton.

\*For illustrative purposes only. Assumes no withdrawals or contributions. These statistics are based on pure gross and net-of-fees quarterly composite returns, were calculated assuming reinvestment of dividends and income, and take into account both realized and unrealized capital gains and losses.

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. 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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# Terms and definitions:

**Dividend yield** is determined by dividing a stock's annual dividends per share by the current market price per share. Dividend yield is a financial ratio that shows how much a company pays out in dividends.

**P/E (Year 1)** is the previous day's closing price of the stock divided by the consensus earnings per share (EPS) of fiscal year 1 (FY1) provided by I/B/E/S. Forecasts are inherently limited and should not be relied upon as indicators of future performance.

The **price-to-book ratio** (**P/B**) is a stock's price divided by the stock's per share book value. Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of a common stock.

Weighted median market capitalization represents the value at which half the portfolio's market capitalization weight falls above, and half falls below.

Weighted average market capitalization represents the average value of the companies held in the portfolio. When that figure is weighted, the impact of each company's capitalization on the overall average is proportional to the total market value of its shares.

Market capitalization measures the number of outstanding common shares of a given corporation multiplied by the latest price per share.

Standard deviation measures the risk or volatility of an investment's return over a particular time period; the greater the number, the greater the risk.

The **up-capture ratio** measures the manager's overall performance to the benchmark's overall performance, considering only quarters that are positive in the benchmark. An up-capture ratio of more than 100 indicates a manager who outperforms the relative benchmark in the benchmark's positive quarters.

The **down-capture ratio** is the ratio of the manager's overall performance to the benchmark's overall performance, considering only quarters that are negative in the benchmark. A down-capture ratio of less than 100 indicates a manager who outperforms the relative benchmark in the benchmark's negative quarters and protects more of a portfolio's value during down markets.

Alpha is a measure of performance vs. a benchmark on a risk-adjusted basis. A positive alpha of 1.0 means the portfolio has outperformed its benchmark index by 1%. Correspondingly, a similar negative alpha would indicate an underperformance of 1%. Alpha is a measure of the difference between actual returns and expected performance measuring sensitivity to index movements.

Beta measures the sensitivity of an investment to the movement of its benchmark. A beta higher than 1.0 indicates the investment has been more volatile than the benchmark and a beta of less than 1.0 indicates that the investment has been less volatile than the benchmark.

Sharpe ratio is a risk-adjusted measure, calculated using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe ratio, the better a portfolio's historical risk-adjusted performance.

**R-squared** measures the strength of the linear relationship between a fund and its benchmark. R-squared at 1.00 implies perfect linear relationship and zero implies no relationship exists.

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

# What are the risks?

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.

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