FRANKLIN TEMPLETON | ClearBridge

ClearBridge Large Cap Growth Portfolios

Commentary | as of September 30, 2026

Key Takeaways

- **Markets:** U.S. equities saw shifting leadership in the third quarter, with a selloff in higher-beta AI stocks offsetting corporate earnings strength in a period that saw Treasury bond yields rise sharply. The S&P 500 Index advanced 2.3% for the quarter, the NASDAQ Composite recovered from a July decline to finish up 2.5% while the benchmark Russell 1000 Growth Index eked out a gain of 0.9%.
- **Contributors:** Micron Technology, Meta Platforms, Thermo Fisher Scientific, Palo Alto Networks and not holding Applied Materials. Stock selection in industrials, information technology (IT), consumer discretionary, communication services and health care.
- **Detractors:** ASML, W.W. Grainger, an underweight to Microsoft and not holding Palantir Technologies and CrowdStrike. Stock selection in materials, an underweight to IT and an overweight to consumer discretionary.
- **Outlook:** The recent AI selloff has created a more constructive backdrop for our process. We remain fundamentally positive on AI and believe adoption is still early, but the market had moved quickly into many infrastructure names to capitalize on high expectations. The reset has given us opportunities to add to infrastructure investments while we have also seen a recovery in software, where our aggregate exposure remains weighted toward security and infrastructure investments.

Top Equity Issuers (% of Total)

Holding	Portfolio
NVIDIA Corp	15.19
Apple Inc	7.19
Alphabet Inc	6.49
Meta Platforms Inc	6.26
Visa Inc	4.17
Amazon.com Inc	4.09
Palo Alto Networks Inc	4.07
Arista Networks Inc	3.16
ASML Holding NV	3.07
Netflix Inc	2.67

Performance Review

- The Portfolios outperformed gross and net of fees, benefiting from strong stock selection as the unwind in AI momentum rewarded our more disciplined, valuation-sensitive approach. The portfolio's quality characteristics and greater differentiation within AI proved helpful.
- Meta Platforms and Palo Alto Networks as leading contributors during the quarter are positive proof points of this approach. Meta advanced following a strong reception to the launch of its Muse personal AI agent. Early downloads surpassed those of the ChatGPT and Gemini debuts, reinforcing our view that agentic commerce is becoming a broader opportunity.
- Outside of AI, Thermo Fisher Scientific continued to benefit from its second-quarter earnings beat, with resilient biopharma consumables and pharmaceutical product development end markets and healthy third-quarter guidance.
- Microsoft was a relative detractor due to our underweight during an optimistic period for AI monetization. ASML declined with the broader semiconductor-capital-equipment group even as its second-quarter results were robust; elevated expectations and uncertainty over export controls constrained upside. Grainger also detracted despite a beat-and-raise quarter and no material change in its fundamentals.
- Our portfolio activity was elevated during the quarter, with seven new purchases and three exits, and guided by two objectives: thoughtfully expanding exposure to the AI and semiconductor infrastructure ecosystem while maintaining appropriate risk following the Russell 1000 Growth Index reconstitution. The rebalance materially increased the benchmark's semiconductor weight and reduced software exposure.

Outlook

- The recent AI selloff has created a more constructive backdrop for our process. We remain fundamentally positive on AI and believe adoption is still early, but the market had moved quickly into many infrastructure names to capitalize on high expectations. A usage shift from proprietary to open-source models does not diminish the need for compute; in many cases, their broader use reinforces demand for the underlying infrastructure. The reset has given us opportunities to add to infrastructure investments while remaining cognizant of what adoption, utilization and monetization trends from the leading AI labs suggest about generative AI's secular growth trajectory. We have also seen a recovery in software where we added to our position in ServiceNow while our aggregate software exposure remains weighted toward security and infrastructure investments.
- More broadly, classic measures of market breadth remain weak even as individual business fundamentals are sound. We believe such a combination argues for selectivity: strong companies can perform well, but a narrow market leaves less room for indiscriminate risk-taking.

Not FDIC Insured | No Bank Guarantee | May Lose Value

Average annual total returns (%) - as of September 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	3.79	16.76	5.72	4.43	17.03	7.39	12.07	13.64	9.01	7.45	8.63	12/31/1993
Pure Gross of Fees	4.55	18.45	8.08	7.55	20.50	10.59	15.41	17.01	12.26	10.67	11.86	12/31/1993
Benchmark	0.92	17.82	6.30	7.50	24.26	13.66	18.16	17.64	13.41	11.55	11.41	–

*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).

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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. International investments are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in **emerging markets**.

Glossary

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 1000 Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe.

Source: FTSE.

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