

### Performance Review

- Despite an optimistic start to the year, the threat of tariffs and trade policy changes under the new Trump administration and a rotation out of AI-related tech stocks spurred volatility and uncertainty that sent equities lower for the first quarter. Amid the decline, mid caps broadly outperformed other areas of the market with the Russell Midcap Index declining -3.40% compared to the -4.27%, -4.49% and -4.72% declines of the S&P 500 Index<sup>1</sup>, the Russell 1000 Index<sup>2</sup> and the Russell 3000 Index<sup>3</sup>, respectively. Concerns over the economic ramifications of new tariffs, declining consumer sentiment and obfuscation of the trajectory of interest rates and earnings helped value stocks seize leadership from growth stocks with the Russell Midcap Value Index<sup>4</sup> returning -2.11%, 500 basis points<sup>5</sup> ahead of the Russell Midcap Growth Index<sup>6</sup>.

### QUARTERLY KEY PERFORMANCE DRIVERS<sup>7</sup>

	Stocks	Sectors
HELPED	EQT	Communication Services (Selection)
	PPL	Real Estate (Selection)
	Hartford Insurance	Energy (Overweight)
HURT	Marvell Technology	Industrials (Selection)
	Regal Rexnord	Health Care (Selection)
	Avantor	Information Technology (Selection)

- Stock selection in the industrials sector was the leading detractor as the prospect of tariffs increasing the cost of manufacturing inputs and weakening economic growth projections weighed on industrial equipment manufacturer Regal Rexnord and modular office provider WillScot. Despite both companies reporting solid fourth-quarter performance, economic uncertainty and the prospect of a further push out in the recovery of short-cycle industrials weighed on their shares.
- Marvell Technology, a networking and storage semiconductor company with a strong presence in data centers, pulled back after a strong run alongside other AI beneficiaries following the DeepSeek announcement. However, we believe that regardless of the impact of less capital and energy intensive AI models like DeepSeek, large AI hyperscalers will continue to build new and more data centers, providing Marvell with a long-term opportunity to capitalize on its position as a preferred partner in their construction.
- AI-beneficiary and strong fourth-quarter performer AppLovin came under pressure from several reports from short sellers seeking to capitalize on a reversal in the company's strong momentum amid the broader tech retreat. However, we believe the AI-enabled advertising software platform continues to be one of the best AI opportunities within the mid cap market. Recent positive channel indicators for its e-commerce business point toward a solid and persistent future of attractive returns for AppLovin, and we used the short-natured weakness to add to our position.
- Our top contributor during the period was EQT, North America's largest natural gas producer. The company continued its upward trajectory from the fourth quarter as the U.S. endured its coldest winter since 1988, spurring an increase in demand. Additionally, the company continues to capitalize on strong operational performance, making additional progress on its goal of deleveraging and extending its lead as the lowest-cost producer in the basin.

### Outlook & Strategy

- Visibility and earnings predictability is very low right now. As a result, we are focusing all our attention on companies who control their own destiny and can grow through this malaise.
- We added several new positions during the quarter including identity security provider SailPoint through its IPO and a new position in analog and mixed-signal microprocessor manufacturer Microchip Technology. We also exited several positions including chemical manufacturer Ashland, which continues to face sluggish end markets without signs of improvement.
- With the threat of more and greater tariffs and economic uncertainty on the horizon, we believe our focus on high-quality stocks with strong balance sheets, pricing power and attractive company-specific drivers is even more important to weathering the economic storm and emerging stronger on the other side.

1. The **S&P 500 Index** is an unmanaged index of 500 stocks that is generally representative of the performance of larger companies in the United States.

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

3. The **Russell 3000 Index** is a capitalization-weighted stock market index that seeks to be a benchmark of the entire U.S. stock market.

4. The **Russell Midcap Value Index** measures the performance of the mid-cap value segment of the U.S. equity universe. Source: FTSE.

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

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

7. The portfolio characteristics and sector attribution are based on a model portfolio, not an actual client account. The model portfolio is a hypothetical portfolio whereby the portfolio characteristics and sector attribution are based on simulated trading and account activity of a client account invested in this strategy and assumes no withdrawals, contributions or client-imposed restrictions. Characteristics and sector attributions 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. This information does not constitute, and should not be construed as, investment advice or recommendations with respect to the sectors and securities listed, and it should not be used as the sole basis for any investment decision.

- We believe the pace and impact of these rapid-fire policy developments highlights the need for a dynamic and actively managed investment process, like ours, which we believe is even more essential to investors during periods of heightened volatility and uncertainty.

## Product Details<sup>8</sup>

Inception Date	04/30/2004
Benchmark	Russell Mid Cap Index

## Performance Data

### Average Annual Total Returns (USD %)

	3 Mths	YTD	1 Year	3 Year	5 Year	10 Year	20 Year	Since Inception (04/30/2004)
ClearBridge Mid Cap Portfolios - Pure GROSS	-6.26	-6.26	-2.14	-0.29	13.20	7.14	9.27	9.04
ClearBridge Mid Cap Portfolios - NET	-6.97	-6.97	-5.01	-3.21	9.93	4.02	6.10	5.88
Russell Mid Cap Index	-3.40	-3.40	2.59	4.62	16.28	8.82	9.42	9.87

### Calendar Year Returns (USD %)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
ClearBridge Mid Cap Portfolios - Pure GROSS	11.03	14.03	-24.55	29.30	18.05	32.79	-11.48	14.06	10.50	3.44
ClearBridge Mid Cap Portfolios - NET	7.81	10.74	-26.81	25.60	14.64	28.99	-14.10	10.76	7.30	0.43
Russell Mid Cap Index	15.34	17.23	-17.32	22.58	17.10	30.54	-9.06	18.52	13.80	-2.44

**The strategy returns shown are preliminary composite returns, subject to future revision (downward or upward). Please visit [www.franklintempleton.com](http://www.franklintempleton.com) for the latest performance figures. Past performance is not a guarantee of future results. An investment in this strategy can lose value.**

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The **Russell Mid Cap Index** measures the performance of the mid-cap segment of the U.S. equity universe. Source: FTSE.

## Investment Team

**Brian Angerame**  
Years with Firm 24  
Years Experience 31

**Matthew Lilling, CFA**  
Years with Firm 15  
Years Experience 19

8. Information is based on ClearBridge Mid Cap Portfolios. A composite is an aggregation of one or more portfolios into a single group that represents a particular investment objective or strategy.

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**All investments involve risks, including possible loss of principal. Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. **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**. A **basis point (bp, or bps)** is one one-hundredth of one percent (1/100% or 0.01%). The **Russell 1000 Index** measures the performance of the large-cap segment of the U.S. equity universe. Source: FTSE. The **Russell Midcap Growth Index** measures the performance of the mid-cap growth segment of the U.S. equity universe. Source: FTSE. The **Russell Midcap Value Index** measures the performance of the mid-cap value segment of the U.S. equity universe. Source: FTSE. 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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