

# ClearBridge

## ClearBridge Mid Cap Portfolios

### Commentary | as of September 30, 2025

### **Key Takeaways**

- Markets: Mid caps advanced in the third quarter as the investment landscape was shaped by a combination of
  monetary policy shifts, stabilizing earnings and improving sentiment. The Federal Reserve's decision to cut rates in
  September, along with rising hope of further easing and expectations for earnings resilience in third-quarter reports,
  helped provide relief from headwinds that had weighed on small and mid cap stocks. As a result, the benchmark
  Russell Midcap Index returned 5.3% for the quarter. Value stocks outpaced their growth peers, with the Russell Midcap
  Value Index returning 6.2% compared to the Russell Midcap Growth's 2.8% return.
- Contributors: Holdings in AppLovin, Resideo Technologies and Argenx. Stock selection in the consumer staples, information technology (IT) and health care sectors.
- Detractors: Holdings in WillScot, Light & Wonder and EQT. Stock selection in the consumer discretionary, materials and industrials sectors.
- Outlook: We expect dispersion to remain elevated, which plays to our strength: the names we own are generally not
  index-dependent, but driven by differentiated fundamentals, catalysts and structural advantages. We remain disciplined
   seeking businesses with durable competitive moats, resilient free cash flow, balance sheet flexibility and clear paths
  to growth.

# Top Equity Issuers (% of Total)

Holding	Portfolio
Teledyne Technologies Inc	2.91
Casey's General Stores Inc	2.91
PPL Corp	2.66
API Group Corp	2.66
Clean Harbors Inc	2.65
Chewy Inc	2.58
Resideo Technologies Inc	2.57
Performance Food Group Co	2.55
EQT Corp	2.51
AppLovin Corp	2.46

#### **Performance Review**

- The Portfolios outperformed their benchmark for the quarter (gross of fees, underperformed net of fees), driven by standout stock selection in consumer staples and health care — two areas where portfolio holdings delivered strong results amid muted sector performance in our benchmark. This strength offset softness in consumer discretionary and materials.
- Consumer staples the only negative sector of the Russell Midcap Index proved a clear standout for the Strategy, led by Performance Food Group, a top U.S. foodservice distributor that supplies a broad range of fresh, frozen, dry and non-food products. The stock benefited from constructive activist engagement and news that the company entered an agreement with US Foods to explore the merits of a strategic combination. The company's strong execution and steady earnings underscore its leadership in U.S. food distribution.
- Health care was another key driver of outperformance, anchored by strength in biotechnology and the addition of new
  opportunities in life sciences tools. Argenx delivered robust second-quarter results, supported by continued adoption of its
  lead therapy for autoimmune disorders and promising progress across its clinical pipeline. Alnylam Pharmaceuticals also
  advanced, driven by accelerating uptake of its treatment for transthyretin cardiac amyloidosis (ATTR-CM) and a raise to fullyear revenue guidance, reinforcing confidence in its commercial execution and deep RNA-based drug pipeline.
- Top contributor AppLovin, a mobile technology company specializing in gaming and e-commerce monetization and
  marketing, rallied on continued investor excitement about the launch of its e-commerce business in the fourth quarter. A
  longtime holding, AppLovin continues to deliver best-in-class AI demand generation to its customers, and we believe this
  new e-commerce business has the potential to further drive incremental cash flow growth.
- Stock selection in the consumer discretionary sector proved the greatest overall headwind. Chewy, the e-commerce pet
  products and services retailer, declined despite solid revenue growth as the company's increased growth investments for the
  second half of the year weighed on investor sentiment. However, we are confident in its strategic direction and believe these
  initiatives will increase the company's recurring revenue and growth rate.
- Stock selection within the materials sector also weighed on performance, as global packaging solutions provider Crown
  Holdings sold off on macro jitters and commodity worries, and paper and forest products company International Paper came
  under pressure due to soft end-market demand.

#### **Outlook**

- Heading into year end, we remain constructive on mid cap equities though with a healthy respect for near-term volatility.
   The Fed's rate cut in September provides a potential inflection in sentiment and relief for rate-sensitive sectors. Combined with moderating macro data and fewer policy surprises, we believe the environment is better suited for selective stock pickers.
- We expect dispersion to remain elevated, which plays to our strength: the names we own are generally not index-dependent, but driven by differentiated fundamentals, catalysts and structural advantages. We remain disciplined — seeking businesses with durable competitive moats, resilient free cash flow, balance sheet flexibility and clear paths to growth.
- In short, we are optimistic but humble. The environment may not offer broad and easy gains, but it should reward
  fundamental differentiation. We believe our process is robust and our portfolio is well-positioned to navigate this backdrop
  and capture upside where it emerges.

#### 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	4.90	14.56	6.57	8.50	10.69	6.83	6.22	8.02	6.51	_	6.41	4/30/2004
Pure Gross of Fees	5.67	16.23	8.95	11.74	13.98	10.02	9.40	11.24	9.70	_	9.59	4/30/2004
Benchmark	5.33	14.31	10.42	11.11	17.69	12.66	11.39	12.06	9.61	_	10.32	_

<sup>\*</sup>Cumulative total returns

#### Benchmark(s)

Benchmark = Russell Mid Cap 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?

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.

#### Glossary

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 2000 Index measures the performance of the small-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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The Russell Mid Cap Index measures the performance of the mid-cap segment of the U.S. equity universe. Source: FTSE.

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