

# ClearBridge Growth Portfolios

Commentary | as of December 31, 2025

## Key Takeaways

- **Markets:** U.S. equities delivered resilient but volatile performance in the fourth quarter. While major indexes remained close to all-time highs, market conditions shifted meaningfully beneath the surface. The S&P 500 Index returned 2.7% during the quarter, while the benchmark Russell Midcap Growth Index declined 3.7%.
- **Contributors:** Holdings in Vertex Pharmaceuticals, Broadcom and Freeport McMoRan. Stock selection in information technology (IT) and consumer discretionary and an overweight to materials.
- **Detractors:** Holdings in e.l.f. Beauty, Doximity and Robinhood Markets. Overweight to IT, stock selection in consumer staples and health care.
- **Outlook:** Markets remain resilient, but volatility has increased as momentum-driven areas cooled and stock-level dispersion widened, reinforcing the importance of disciplined stock selection and a balanced approach to portfolio construction.

## Performance Review

- The Portfolios outperformed their benchmark gross and net of fees, driven by a combination of balanced portfolio construction and strong stock selection. Early in the quarter, momentum tied to AI and technology supported results, while the portfolio's exposure to steadier compounders and defensive growth names helped protect performance as volatility increased.
- Shopify, an e-commerce platform that enables merchants to operate and scale digital storefronts, benefited from continued adoption by larger enterprises and improving monetization across its ecosystem.
- While communication services was the greatest detractor within the benchmark, our differentiated positioning in sports and live media company TKO Group supported relative outperformance.
- Following a period of strong performance, shares of e.l.f. Beauty, a cosmetics company focused on affordable, digitally native products, declined as sales growth was hurt by management's decision to stop shipments to retailers that were slow to pass through tariff-related price increases. That said, we are encouraged that consumption trends for the brand remain healthy and management is already seeing shipment growth recover in the current quarter.
- Within health care, top individual contributor Vertex Pharmaceuticals benefited from growing optimism around its kidney disease pipeline and continued to demonstrate the value of idiosyncratic, innovation-driven growth.
- Within industrials, for instance, we rotated our exposure in the fourth quarter from Old Dominion Freight Line, a leading less-than-truckload (LTL) carrier, into XPO, the fourth-largest LTL provider in North America. We remain mindful of the still-challenging macro environment for freight and see greater idiosyncratic growth potential at XPO. Under new leadership, the company is improving service levels, pricing discipline and margins, leaving more room for outperformance should macro malaise persist.

## Outlook

- Our outlook remains consistent with what we articulated earlier in the year — and importantly, what played out in the fourth quarter. Markets remain resilient, but volatility has increased as momentum-driven areas cooled and stock-level dispersion widened, reinforcing the importance of disciplined stock selection and a balanced approach to portfolio construction.
- AI continues to represent a powerful long-term opportunity, though early beneficiaries such as semiconductors and infrastructure have already seen significant gains. We are focused on making sure we have not only the right exposure within the AI complex but also other offensive bets in the portfolio to position the Strategy well should market leadership broaden further. At the same time, we continue to emphasize balance, owning companies not only with offensive growth potential but also defensive characteristics built on strong free cash flow, clean balance sheets and proven management teams, which should help to protect the portfolio should the environment weaken.
- We remain opportunistic — taking advantage of pockets when stocks are oversold and trimming when enthusiasm runs ahead of fundamentals — while staying committed to a bottom-up, high active share, and long-term oriented approach. We believe this discipline positions the Strategy well to navigate continued volatility, identify durable winners beyond broad market trends, and drive long-term performance for clients.

## Top Equity Issuers (% of Total)

Holding	Portfolio
Broadcom Inc	6.29
TE Connectivity PLC	5.93
Vertex Pharmaceuticals Inc	5.10
TJX Cos Inc/The	4.21
Autodesk Inc	3.95
Vertiv Holdings Co	3.46
Johnson Controls International plc	3.37
CrowdStrike Holdings Inc	3.10
Hilton Worldwide Holdings Inc	2.97
Shopify Inc	2.84

## Average annual total returns (%) - as of December 31, 2025

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	-2.99	1.69	11.24	11.24	13.80	3.83	7.10	8.28	6.97	6.11	9.71	12/31/1993
Pure Gross of Fees	-2.26	3.20	14.55	14.55	17.18	6.94	10.30	11.51	10.16	9.29	12.97	12/31/1993
Benchmark	-3.70	-1.03	8.66	8.66	18.64	6.65	12.49	12.17	10.31	8.46	10.24	—

\*Cumulative total returns

## Benchmark(s)

Benchmark = Russell Midcap Growth Index

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## What are the Risks?

**All investments involve risks, including possible loss of principal.** To the extent the portfolio invests in a **concentration of certain securities, regions or industries**, it is subject to increased volatility. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks.

## Glossary

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

**Free cash flow (FCF)** is a measure of financial performance calculated as operating cash flow minus capital expenditures.

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

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Source: FTSE.

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