FRANKLIN TEMPLETON | ClearBridge

ClearBridge Growth Portfolios

Commentary | as of September 30, 2026

Key Takeaways

- **Markets:** U.S. equities produced modest but narrow third-quarter gains, with the Russell 3000 Growth Index up 0.5% while the Russell Midcap Growth and Russell 2000 Growth indices declined 5.8% and 9.4%, respectively. AI was the principal source of volatility: a July momentum selloff unwound crowded semiconductor and AI-exposed industrial positions as investors reassessed capital-spending durability and returns, concerns that resurfaced in September amid calls to slow frontier-model development. Macroeconomic pressures reinforced dispersion. Escalating conflict with Iran lifted oil prices, making energy the top-performing sector, while the Federal Reserve's first hike since 2023 and rising Treasury yields pressured rate-sensitive and cyclical stocks, particularly utilities and industrials alike.
- **Contributors:** On an individual stock basis, the biggest contributors to relative returns were CrowdStrike, Shopify, Vertex Pharmaceuticals and Freeport-McMoRan, as well as an underweight to Astera Labs. Stock selection in the information technology (IT), industrials and consumer discretionary sectors proved beneficial.
- **Detractors:** The largest detractors from relative returns were Vertiv and AppLovin, as well as not owning Marathon Petroleum, Atlassian and Everpure. A lack of exposure to the energy sector, overweights to the industrials and communication services sectors and an underweight to the health care sector weighed on relative results.
- **Outlook:** We remain focused on the differentiated opportunities and risks created by AI, using bottom-up research to identify companies positioned to benefit as its implications broaden.

Top Equity Issuers (% of Total)

Holding	Portfolio
Crowdstrike Holdings Inc	5.36
Vertex Pharmaceuticals Inc	4.28
Snowflake Inc	4.06
Cloudflare Inc	3.81
Johnson Controls International plc	3.63
Broadcom Inc	3.30
Vertiv Holdings Co	3.12
Robinhood Markets Inc	3.09
Lumentum Holdings Inc	3.07
Natera Inc	3.04

Performance Review

- Strong stock selection, particularly in IT and industrials, more than offset the drag from our lack of energy exposure and our overweight to industrials. Our differentiated holdings, including companies that have grown beyond traditional mid-cap thresholds, gave the portfolio a source of return distinct from the index.
- Within industrials, stock selection was additive overall, including contributions from Cintas and Johnson Controls. Vertiv detracted after project timing and supply chain congestion contributed to a revenue shortfall, while MasTec weakened as wireless and wireline project pushouts pressured its communications business. We view the latter as timing-related, and believe its exposure to AI-driven power demand, broadband and the energy transition remains intact.
- In communication services, AppLovin detracted when an expected improvement in model performance shifted from the second quarter into the third, leaving results short of company guidance. As with MasTec, we see the shortfall as a matter of timing because engineering enhancements can be uneven.
- In IT, CrowdStrike and Shopify were leading contributors as software holdings rebounded and AI-agent activity supported traffic and orders on Shopify's platform. Cloudflare and Snowflake also recovered after concerns about AI disintermediation gave way to a view that they could benefit from broader AI-agent adoption.
- Vertex Pharmaceuticals contributed in health care on continued strength in its cystic fibrosis franchise, while Natera also contributed after reporting higher molecular residual disease test additions and raising full-year guidance. Freeport-McMoRan gained in materials as copper prices rose amid tight near-term supply and potential U.S. tariffs on refined copper imports.

Outlook

- AI is still in the early innings of reshaping a wide range of industries, and we expect that this technology evolution will both disrupt businesses as well as create new winners beyond the hyperscaler names. Times of change and uncertainty create opportunities for us as bottom-up stock pickers as the market often has a habit of painting industries and subindustries with a broad brush. We saw this play out as the software sector was sold indiscriminately over much of the last 12 months. Our selectivity, holding through the noise in names like CrowdStrike and adding where conviction was high to names like Snowflake and Cloudflare, has served our clients well. Just as importantly, exiting positions with greater vulnerability, such as application software maker HubSpot, has benefited performance.
- We would not be surprised to see bifurcation in the market as earnings reveal the ability for AI to either accelerate near-term business momentum or erode it. We are positioning the Portfolios to take advantage of this — spending time identifying the companies in areas most likely to be winners and losers as AI's implications broaden.

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	-2.11	7.77	-1.88	-4.81	11.04	2.26	6.23	9.32	6.65	6.85	9.41	12/31/1993
Pure Gross of Fees	-1.38	9.35	0.33	-1.94	14.34	5.33	9.41	12.58	9.83	10.05	12.67	12/31/1993
Benchmark	-5.84	7.85	1.01	-2.73	15.36	4.92	11.86	13.17	10.17	10.54	10.02	—

*Cumulative total returns

Benchmark(s)

Benchmark =Russell Midcap 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.
For fee schedules, contact your financial professional, or if you enter into an agreement directly with Franklin Templeton Private Portfolio Group, LLC ("FTPPG"), refer to FTPPG's Form ADV Part 2A disclosure document. Management and performance of individual accounts may vary for reasons that include the existence of different implementation practices and model requirements in different investment programs.

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

The **Federal Reserve System** is a network of regional banks that acts as the central bank of the United States.

The **Russell 2000 Index** serves as a benchmark for tracking the performance of 2,000 small-cap U.S. companies, reflecting the broader small-cap stock market.

The **Russell 3000 Growth Index** measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values. Source: FTSE.

Important Information

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

Source: FTSE.

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