

ClearBridge Growth ESG 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 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	6.28
TE Connectivity PLC	5.98
Vertex Pharmaceuticals Inc	5.10
TJX Cos Inc/The	4.34
Autodesk Inc	4.00
Vertiv Holdings Co	3.57
Johnson Controls International plc	3.56
Hilton Worldwide Holdings Inc	3.42
CrowdStrike Holdings Inc	3.10
Shopify Inc	2.92

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	-2.78	1.43	9.77	9.77	13.95	3.68	6.47	8.08	—	—	7.12	6/30/2006
Pure Gross of Fees	-2.05	2.94	13.04	13.04	17.33	6.79	9.65	11.30	—	—	10.32	6/30/2006
Benchmark	-3.70	-1.03	8.66	8.66	18.64	6.65	12.49	12.17	—	—	10.44	—

*Cumulative total returns

Benchmark(s)

Benchmark =Russell Midcap Growth Index

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.

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.

ClearBridge Investments, LLC claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

To obtain specific information on available products and services or a GIPS Report, contact your Franklin Templeton separately managed account sales team at (800) DIAL BEN/342-5236.

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. The managers' **environmental, social and governance (ESG) strategies** may limit the types and number of investments available and, as a result, may forgo favorable market opportunities or underperform strategies that are not subject to such criteria. There is no guarantee that the strategy's ESG directives will be successful or will result in better performance.

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.

Important Information

The information provided is not a complete analysis of every material fact regarding any country, market, industry, security or portfolio. Because market and economic conditions are subject to change, comments, opinions and analyses are rendered as of the date of this material and may change without notice. A portfolio manager's assessment of a particular security, investment or strategy is not intended as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy; it is intended only to provide insight into the portfolio's selection process. Holdings are subject to change.

These materials are being provided for illustrative and informational purposes only. The information contained herein is obtained from multiple sources that are believed to be reliable. However, such information has not been verified, and may be different from the information included in documents and materials created by the sponsor firm in whose investment program a client participates. Some sponsor firms may require that these materials be preceded or accompanied by investment profiles or other documents or materials prepared by such sponsor firms, which will be provided upon a client's request. For additional information, documents and/or materials, please speak to your Financial Professional or contact your sponsor firm.

Franklin Templeton (FT) is not undertaking to provide impartial advice. Nothing herein is intended to provide fiduciary advice. FT has a financial interest.

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

Important data provider notices and terms available at www.franklintempletondatasources.com. All data is subject to change.

Source: FTSE.

Holdings are provided for informational purposes only and should not be construed as a recommendation to purchase or sell any security.

Separately Managed Accounts (SMAs) are investment services provided by Franklin Templeton Private Portfolio Group, LLC (FTPPG), a federally registered investment advisor. Client portfolios are managed based on investment instructions or advice provided by one or more of the following Franklin Templeton affiliated sub-advisors: ClearBridge Investments, LLC. Management is implemented by FTPPG, the designated sub-advisor or, in the case of certain programs, the program sponsor or its designee.

ClearBridge Investments, LLC is a Franklin Templeton affiliated company.

© Franklin Templeton. All rights reserved.