FRANKLIN TEMPLETON | ClearBridge

ClearBridge Mid Cap Growth Portfolios

Commentary | as of September 30, 2026

Key Takeaways

- **Markets:** Mid cap growth stocks fell in the third quarter as doubts about AI capital spending, a Fed rate increase and higher oil prices drove sharp declines in the benchmark's industrials and utilities sectors.
- **Contributors:** Holdings in Rubrik and Mettler-Toledo, an underweight to Teradyne and not owning MasTec and Fair Isaac. Stock selection in IT, health care, industrials and utilities.
- **Detractors:** Holdings in WillScot and AppLovin, an underweight to Snowflake and not owning Marathon Petroleum and Atlassian. An overweight to industrials and stock selection in energy, consumer discretionary, consumer staples, communication services and materials.
- **Outlook:** In unpredictable times like these, we find it refreshing and advantageous to tune out the noise and focus on finding misunderstood or underappreciated growth compounders with disciplined capital management and balance sheets that can sustain the business, whatever the environment.

Performance Review

- Broader market and economic headwinds to our energy, consumer discretionary and consumer staples holdings overcame positive stock selection in information technology (IT), health care and industrials.
- Energy was the largest relative detractor from performance, as Diamondback Energy, EQT Corp and Baker Hughes lagged two large refining companies in our benchmark which experienced a meteoric rise as Strait of Hormuz disruptions and tight global fuel inventories and driving record refining margins. This made it difficult for our exploration and production and energy services holdings to keep pace.
- In the consumer sectors, Wingstop cut guidance as elevated gas prices squeezed its lower-income, younger customers, and foodservice distributor Performance Food Group fell amid negative restaurant traffic and higher diesel costs. Meanwhile, in communication services, AppLovin, whose software platform helps advertisers market and monetize content, declined after a rare miss against its own guidance.
- Our industrials exposure resulted in mixed performance, as our overweight to the sector weighed on performance while stock selection was positive — albeit partially due to what we didn't own. MasTec fell sharply after a surprise guidance cut in its communications segment, compounded by a broad pullback in data center and power infrastructure stocks — not owning the stock proved beneficial. Several of our holdings faced company-specific headwinds. WillScot, a provider of modular space and storage solutions, fell despite raising guidance. Vertiv, which supplies power and cooling infrastructure for data centers, sold off after missed lofty expectations for that management attributed to project timing and supply chain congestion.
- IT was the largest contributor to relative performance led by Rubrik, a data security and cloud data management provider, which rallied on another clean beat-and-raise quarter and accelerating subscription growth as concern about AI-enabled cyberattacks sharpened focus on cyber resilience and data recovery. Data storage provider Everpure rose sharply on a second hyperscaler design win and strong AI-driven storage demand. Fortinet, a cybersecurity company outside the benchmark, saw its share price climb after announcing strong second-quarter revenue growth and a raised full-year outlook.
- Stock selection in health care also positively contributed to performance, led by Mettler-Toledo, a laboratory instruments maker and service provider, who beat expectations and raised guidance on a broadening demand recovery in the biopharma sector.

Outlook

- The market's intense focus on all things AI-related is understandable. Much of the growth in the U.S. can be directly or indirectly linked to AI investment spending. But as the buildout of AI infrastructure comes more into view, we are spending more time understanding better which companies will best use the technology to accelerate growth, become more productive, and transform their businesses.
- As for the broader economic landscape, there is no question our economy is "K-shaped." Higher interest rates and higher crude, gasoline and diesel prices are not helping. Additionally, in case you haven't already been bombarded by political ads on television, we have midterm elections coming up that could usher in entirely different political priorities. In unpredictable times like these, we find it refreshing and advantageous to tune out the noise and focus on finding misunderstood or underappreciated growth compounders with disciplined capital management and balance sheets that can sustain the business, whatever the environment. We believe our approach to stock selection and thoughtful portfolio construction across a broad spectrum of growth businesses position the Portfolios well for the period ahead.

Top Equity Issuers (% of Total)

Holding	Portfolio
Datadog Inc	4.17
Cloudflare Inc	3.91
Comfort Systems USA Inc	3.07
Live Nation Entertainment Inc	2.52
Robinhood Markets Inc	2.30
Natera Inc	2.29
Vistra Corp	2.24
Lumentum Holdings Inc	2.17
United Rentals Inc	2.15
Burlington Stores Inc	2.09

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	-6.80	6.51	-0.13	-5.04	10.40	-0.07	8.81	—	—	—	7.25	6/30/2014
Pure Gross of Fees	-6.09	8.09	2.11	-2.17	13.69	2.93	12.06	—	—	—	10.45	6/30/2014
Benchmark	-5.84	7.85	1.01	-2.73	15.36	4.92	11.86	—	—	—	10.60	—

*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).

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.
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.

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

The **Fed**, or Federal Reserve, is the central banking system of the United States responsible for managing monetary policy, supervising banks, and maintaining financial stability.

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.

Source: FTSE.

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

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.

FRANKLIN TEMPLETON