

# ClearBridge Large Cap Growth Fund

Class I: SBLYX Class A: SBLGX

Commentary | as of March 31, 2025

## Key Takeaways

- **Markets:** A stall in the mega cap growth trade and the chaotic introduction of tariffs accompanied by fears of a slowing economy and higher inflation sent most U.S. growth indexes into correction territory. The S&P 500 Index declined 4.27% while the benchmark Russell 1000 Growth Index (RLG) fell 9.97%, trailing its value counterpart by over 1,200 basis points. The Trump administration's efforts to reorder global trade through tariffs on China, Canada and Mexico dominated headlines in his first three months in office, with tariff actions broadening to start the second quarter.
- **Contributors:** Holdings in Visa, Marsh & McLennan and Monster Beverage as well as an underweight to Tesla. Stock selection in the communication services and information technology (IT), an overweight to health care and underweight to IT.
- **Detractors:** Holdings in PayPal, Salesforce and Amazon.com. Stock selection in health care, real estate and consumer staples.
- **Outlook:** While we have entered a period of heightened uncertainty, the general health of the economy entering this phase of the cycle is strong. We see companies outside the Magnificent Seven starting to deliver better earnings growth and have positioned the portfolio in anticipation of this broadening out in the market. The selloff at year-end, triggered by the Federal Reserve Board's (Fed) acknowledgment that inflation remains a risk and that the scope of future rate cuts could be limited, may serve as a warning that stocks could face more headwinds than are currently priced in.

## Performance Review

- The surprise emergence in January of DeepSeek, a Chinese large language model (LLM), with capabilities similar to the best LLMs but built with inferior chips and at a lower cost, caused investors to question whether the massive capex being devoted to Gen AI would continue, weighing on the Magnificent Seven which accounted for the Fund's five largest absolute detractors.
- The Fund held up better than the benchmark through this reversal (on a gross basis), aided by its underweight to the Magnificent Seven and strong stock selection across IT, communication services and financials.
- An important but often overlooked component of our diversified approach is adding what we view as "downside management" to the portfolio through the ownership of lower-beta names that tend to historically hold up well in downturns. In this category, commercial insurance broker Marsh & McLennan, exchange and financial data provider S&P Global and paint and coatings maker Sherwin-Williams delivered positive returns during the quarter.
- We added a position in Synopsys, a leader in electronic design automation software and custom chip designs. Synopsys operates in a duopoly market with multiple avenues of growth driven by increased complexity of semiconductor chips.
- We exited our positions in Alcon, a medical device company focused on eye care products and solutions for surgical procedures and consumer use, and Intercontinental Exchange (ICE), an operator of securities exchanges and mortgage technology solutions, as both approach fair value.

## Outlook

- The multinational exposure of many of our holdings makes tariffs a key risk we are monitoring. We are specifically monitoring risks to the consumer sector from tariffs because consumers have already borne the burden of several years of cost inflation pressuring wallets. That said, beverage holdings Starbucks and Monster both held up well during the quarter. Starbucks is undergoing an earnings reset under new CEO Brian Nicoll being well received by investors while Monster benefited from price increases and international strength.
- We see companies like these outside the Magnificent Seven starting to deliver better earnings growth and have positioned the portfolio in anticipation of this broadening. While we have entered a period of heightened uncertainty, the general health of the economy entering this phase of the cycle is strong. We are moving into an environment where we expect to lean on growth from multiple angles, not just the rapid revenue growth we have seen out of the mega caps but also companies inflecting higher due to better margins or improved earnings.

## Morningstar Rating™

Overall Rating as of March 31, 2025



**(4-Star)** Class I



**(3-Star)** Class A

As of 03/31/2025 the fund's Class I shares received a 4 star and Class A shares received a 3 star overall Morningstar rating™, measuring risk-adjusted returns against 1027, 949 and 745 Large Growth funds over the 3-, 5- and 10- year periods, respectively. A fund's overall rating is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) rating metrics.

## Top Equity Issuers (% of Total)

Holding	Fund
Amazon.com Inc	8.59
NVIDIA Corp	8.56
Microsoft Corp	6.93
Meta Platforms Inc	6.23
Visa Inc	5.73
Apple Inc	5.48
Netflix Inc	3.92
UnitedHealth Group Inc	2.60
Salesforce Inc	2.57
Palo Alto Networks Inc	2.36

## Sector Allocation (Equity as a % of Total)

Sector	Fund
Information Technology	36.84
Consumer Discretionary	12.15
Communication Services	12.06
Health Care	11.83
Financials	10.97
Industrials	8.79
Consumer Staples	2.65
Materials	1.79
Real Estate	1.34

## Average annual total returns and fund expenses (%)

Class	CUSIP	Ticker	Without Sales Charge							With Maximum Sales Charge						Expenses		Sales Charges		Inception Date	
			3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Inception	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Inception	Gross	Net	Initial Charge		CDSC
Class I	52469H784	SBLYX	-7.51	-7.51	4.53	9.35	16.80	13.27	10.02	-7.51	-7.51	4.53	9.35	16.80	13.27	10.02	0.73	0.73	—	—	10/15/1997
Class A	52469H826	SBLGX	-7.57	-7.57	4.23	9.02	16.46	12.94	9.84	-12.66	-12.66	-1.50	6.89	15.09	12.27	9.61	1.01	1.01	5.50	—	8/29/1997
Benchmark	—	—	-9.97	-9.97	7.76	10.10	20.09	15.12	—	-9.97	-9.97	7.76	10.10	20.09	15.12	—	—	—	—	—	

## Benchmark(s)

Benchmark = Russell 1000 Growth Index

**Performance data quoted represents past performance, which does not guarantee future results.** Current performance may be lower or higher than the figures shown. Principal value and investment returns will fluctuate, and investors' shares, when redeemed, may be worth more or less than the original cost. Performance would have been lower if fees had not been waived in various periods. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. Returns with sales charge reflect a deduction of the stated maximum sales charge. An investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. Returns for periods of less than one year are not annualized. All classes of shares may not be available to all investors or through all distribution channels. For current month-end performance, please visit [franklintempleton.com](http://franklintempleton.com).

Gross expenses are the fund's total annual operating expenses as of the fund's prospectus available at the time of publication. Net expenses are capped under a contractual agreement, which cannot be terminated prior to 12/31/2026 without Board consent. Actual expenses may be higher and may impact portfolio returns.

Maximum sales charges have been updated as of August 15, 2022, please refer the Fund's prospectus for more information.

## What are the Risks?

**All investments involve risks, including possible loss of principal. Equity securities** are subject to price fluctuation and possible loss of principal. **Short selling** is a speculative strategy. Unlike the possible loss on a security that is purchased, there is no limit on the amount of loss on an appreciating security that is sold short. The **investment style** may become out of favor, which may have a negative impact on performance. **Diversification** does not guarantee a profit or protect against a loss. **Active management** does not ensure gains or protect against market declines. The manager may consider **environmental, social and governance (ESG) criteria** in the research or investment process; however, ESG considerations may not be a determinative factor in security selection. In addition, the manager may not assess every investment for ESG criteria, and not every ESG factor may be identified or evaluated. These and other risks are discussed in the fund's prospectus.

## Glossary

A **basis point (bp, or bps)** is one one-hundredth of one percent (1/100% or 0.01%).

The **Federal Reserve Board ("Fed")** is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.

The **Magnificent Seven** stocks are Apple, Amazon, Alphabet, Meta Platforms, Microsoft, Nvidia, and Tesla.

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 fund. 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 fund's portfolio selection process. Holdings are subject to change.

The **Russell 1000 Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. Source: FTSE.

Important data provider notices and terms available at [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com). All data is subject to change.

**Morningstar Rating™:** Source: Morningstar®, 03/31/2025. For each mutual fund and ETF with at least a 3-year history, Morningstar calculates a Morningstar Rating™ based on how a fund ranks on a Morningstar Risk-Adjusted Return measure against other funds in the same category. This measure takes into account variations in a fund's monthly performance, and does not take into account the effects of sales charges and loads, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The weights are: 100% 3-year rating for 36-59 months of total returns, 60% 5-year rating/40% 3-year rating for 60-119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent 3-year period actually has the greatest impact because it is included in all three rating periods. The fund's Class I shares received a Morningstar Rating of 3, 3 and 4 and fund's Class A shares received a Morningstar Rating of 3, 3 and 3 star(s) for the 3-, 5- and 10-year periods, respectively. Franklin Templeton provides this fund's Morningstar Rating™ for Class I and Class A shares only. Other share classes may have different Morningstar ratings.

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**Before investing, carefully consider a fund's investment objectives, risks, charges and expenses. You can find this and other information in each prospectus, or summary prospectus, if available, at [www.franklintempleton.com](http://www.franklintempleton.com). Please read it carefully.**