

ClearBridge Mid Cap Fund

Class A: SBMAX Class I: SMBYX

Commentary | as of March 31, 2025

Key Takeaways

- **Markets:** Despite an optimistic start to the year, the threat of tariffs and trade policy changes under the new Trump administration and a rotation out of AI-related tech stocks spurred volatility and uncertainty that sent equities lower for the first quarter. Amid the decline, mid caps broadly outperformed other areas of the market with the Russell Midcap Index declining -3.40% compared to the -4.27%, -4.49% and -4.72% declines of the S&P 500 Index, the Russell 1000 Index and the Russell 3000 Index, respectively. Concerns over the economic ramifications of new tariffs, declining consumer sentiment and obfuscation of the trajectory of interest rates and earnings helped value stocks seize leadership from growth stocks with the Russell Midcap Value Index returning -2.11%, 500 basis points ahead of the Russell Midcap Growth Index.
- **Contributors:** Holdings in EQT, PPL and Hartford Insurance. Stock selection in the communication services and real estate sectors, an overweight allocation to the energy sector.
- **Detractors:** Holdings in Marvell Technology, Regal Rexnord and Avantor. Stock selection in the industrials, health care and information technology (IT) sectors.
- **Outlook:** With the threat of more and greater tariffs and economic uncertainty on the horizon, we believe our focus on high-quality stocks with strong balance sheets, pricing power and attractive company-specific drivers is even more important to weathering the economic storm and emerging stronger on the other side.

Performance Review

- The Fund underperformed its benchmark for the first quarter, as market volatility and declining investor optimism magnified the idiosyncratic headwinds that pressured several of our holdings.
- Stock selection in the industrials sector was the leading detractor as the prospect of tariffs increasing the cost of manufacturing inputs and weakening economic growth projections weighed on industrial equipment manufacturer Regal Rexnord and modular office provider WillScot.
- AI-beneficiary and strong fourth-quarter performer AppLovin came under pressure from several reports from short sellers seeking to capitalize on a reversal in the company's strong momentum amid the broader tech retreat. However, we believe the AI-enabled advertising software platform continues to be one of the best AI opportunities within the mid cap market.
- Our top contributor during the period was EQT, North America's largest natural gas producer. The company continued its upward trajectory from the fourth quarter as the U.S. endured its coldest winter since 1988, spurring an increase in demand. Additionally, the company continues to capitalize on strong operational performance, making additional progress on its goal of deleveraging and extending its lead as the lowest-cost producer in the basin.
- We added several new positions during the quarter including identity security provider SailPoint through its IPO and a new position in analog and mixed-signal microprocessor manufacturer Microchip Technology. We also exited several positions including chemical manufacturer Ashland, which continues to face sluggish end markets without signs of improvement.

Outlook

- Visibility and earnings predictability is very low right now. As a result, we are focusing all our attention on companies who control their own destiny and can grow through this malaise.
- With the threat of more and greater tariffs and economic uncertainty on the horizon, we believe our focus on high-quality stocks with strong balance sheets, pricing power and attractive company-specific drivers is even more important to weathering the economic storm and emerging stronger on the other side.
- We believe the pace and impact of these rapid-fire policy developments highlights the need for a dynamic and actively managed investment process, like ours, which we believe is even more essential to investors during periods of heightened volatility and uncertainty.

Top Equity Issuers (% of Total)

Holding	Fund
Casey's General Stores Inc	3.26
EQT Corp	2.98
Teledyne Technologies Inc	2.92
Performance Food Group Co	2.83
PPL Corp	2.83
Clean Harbors Inc	2.51
Chewy Inc	2.51
API Group Corp	2.45
Hartford Insurance Group Inc/The	2.39
Corpay Inc	2.22

Sector Allocation (Equity as a % of Total)

Sector	Fund
Industrials	15.68
Information Technology	15.45
Financials	15.36
Consumer Discretionary	10.28
Health Care	10.24
Energy	6.73
Real Estate	6.15
Consumer Staples	6.09
Utilities	5.97
Materials	5.12
Communication Services	1.92

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 A	52469H768	SBMAX	-6.65	-6.65	-3.16	-1.13	12.30	6.01	8.85	-11.78	-11.78	-8.49	-3.07	10.98	5.38	8.61	1.16	1.16	5.50	—	9/1/1998
Class I	52469H735	SMBYX	-6.56	-6.56	-2.87	-0.84	12.64	6.35	8.59	-6.56	-6.56	-2.87	-0.84	12.64	6.35	8.59	0.88	0.85	—	—	12/3/1998
Benchmark	—	—	-3.40	-3.40	2.59	4.62	16.28	8.82	—	-3.40	-3.40	2.59	4.62	16.28	8.82	—	—	—	—	—	

Benchmark(s)

Benchmark = Russell Mid Cap 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.

Gross expenses are the fund's total annual operating expenses as of the fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns. Net expenses reflect contractual fee waivers, expense caps and/or reimbursements, which cannot be terminated prior to 12/31/2026 without Board consent. Additional amounts may be voluntarily waived and/or reimbursed and may be modified or discontinued at any time without notice.

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. **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**. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. **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. **Derivative instruments** can be illiquid, may disproportionately increase losses, and have a potentially large impact on performance. 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 **Russell 1000 Index** measures the performance of the large-cap segment of the U.S. equity universe. Source: FTSE.

The **Russell 3000 Index** measures the performance of the 3,000 largest U.S. companies based on total market capitalization. Source: FTSE.

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

The **Russell Midcap Value Index** measures the performance of the mid-cap value segment of the U.S. equity universe. Source: FTSE.

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 Mid Cap Index** measures the performance of the mid-cap 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.

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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. Please read it carefully.