



## **ClearBridge Large Cap Growth 1Q23 Strategy Update**

Margaret Vitrano, Portfolio Manager



Jacob Drossner, Client Portfolio Manager

February 15, 2023

Data as of December 31, 2022 unless indicated otherwise.

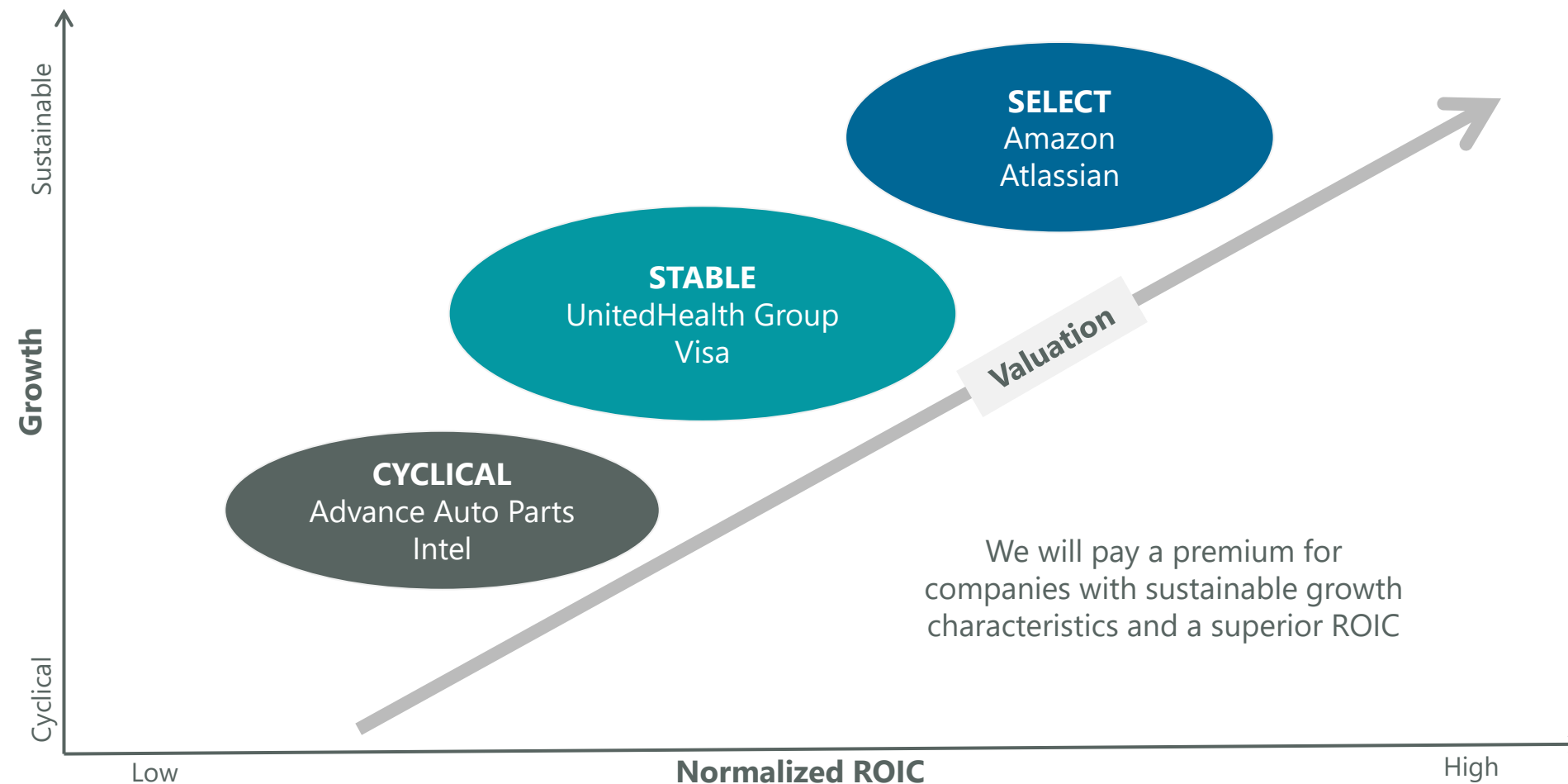
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# Biographies

Name and Position		Industry Experience	ClearBridge Tenure	Education, Experience and Professional Designations
	<b>Margaret Vitrano</b> Managing Director, Portfolio Manager	27 years	<ul style="list-style-type: none"><li>• Joined predecessor in 1997</li><li>• Member of Management Committee</li></ul>	<ul style="list-style-type: none"><li>• Citigroup – Research Analyst for Consumer Staples and Discretionary sectors</li><li>• Wertheim Schroeders – Research Analyst</li><li>• MBA in Finance from the Wharton School of the University of Pennsylvania</li><li>• BA in Public Policy Studies and Art History from Duke University</li></ul>
		<b>Jacob Drossner</b> Vice President, Client Portfolio Manager	6 years	<ul style="list-style-type: none"><li>• Joined ClearBridge in 2017</li><li>• BA in Economic History from the University of Pennsylvania</li></ul>

# Step 3

## Portfolio Construction: Diversification Across the Spectrum of Growth



# Large Cap Growth

## Growth opportunities in a challenging environment

**Organic**  
Stryker

**Earnings Reset**  
Estée Lauder

**Idiosyncratic**  
Sherwin Williams

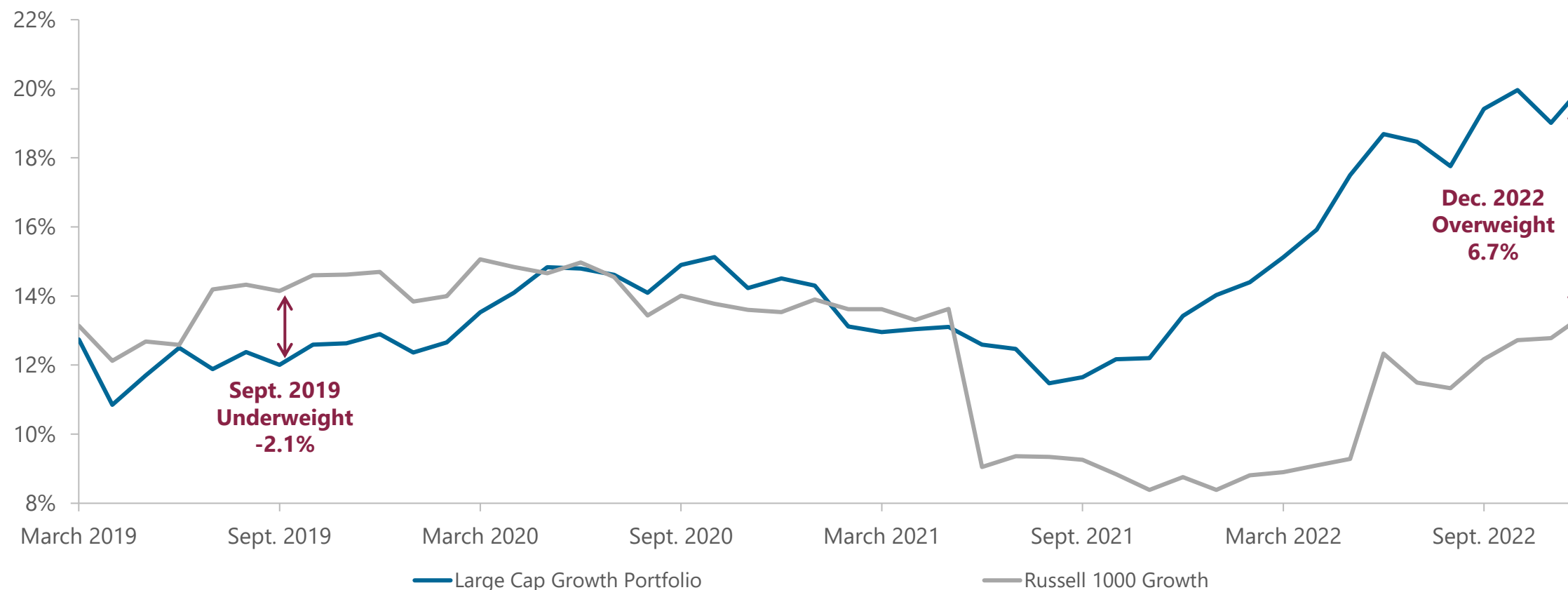
## Characteristics of companies that we seek

- Well-positioned on the vanguard of the most powerful secular growth trends in internet/technology, fintech and the energy transition
- Domain of the best global brands with the furthest reach utilizing their balance sheet
- Companies that are prepared to invest through the cycle as opposed to managing quarterly earnings

# Portfolio Outlook

- Our holdings in MedTech, Tools, and Managed Care exhibit above-market organic growth that is countercyclical.
- Our largest sector overweight is health care (but with zero exposure to a biotech segment driven by binary clinical outcomes) where we think inflationary and consumer trends will have less impact on demand.

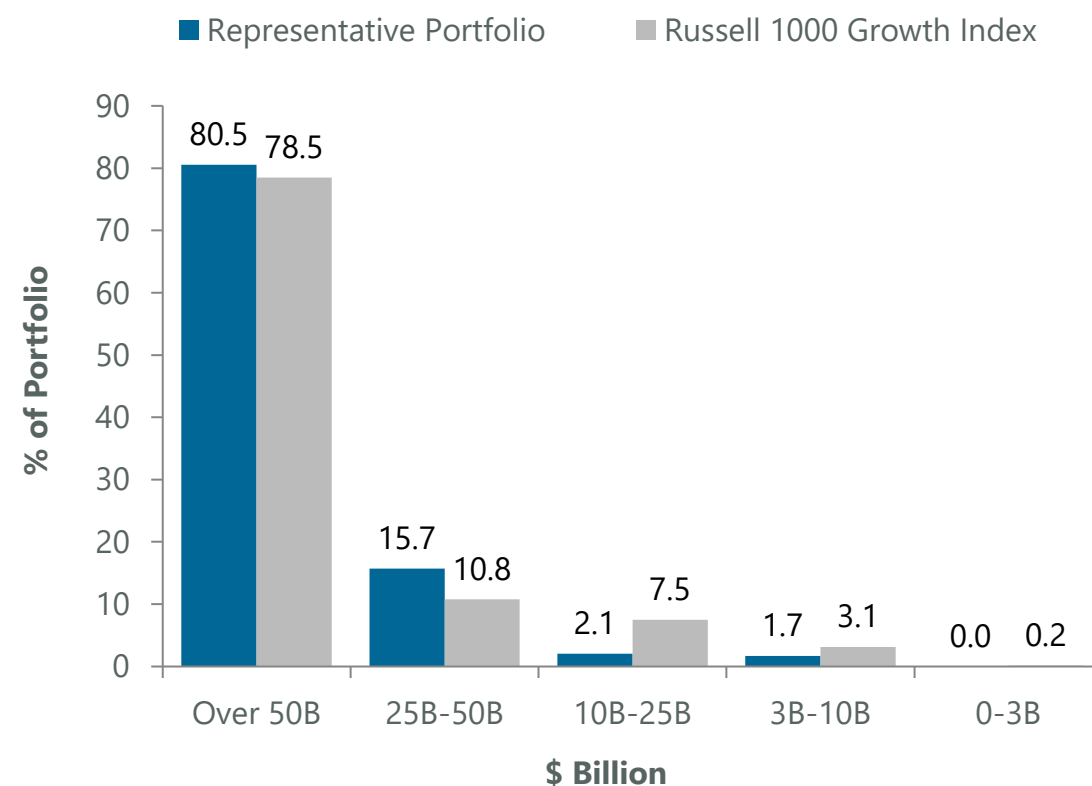
Health Care Weighting: ClearBridge Large Cap Growth Portfolio vs. Russell 1000 Growth Index



# Portfolio Composition

ClearBridge Large Cap Growth – December 31, 2022

## Market Capitalization



## Sector Weightings

Sector	Representative Portfolio (%)	Russell 1000 Growth Index (%)	Relative Weight (%)
Information Technology	36.2	43.2	-7.1
Health Care	20.1	13.5	6.7
Consumer Discretionary	11.9	14.2	-2.2
Industrials	11.8	8.1	3.7
Communication Services	5.4	6.8	-1.4
Consumer Staples	4.7	6.1	-1.4
Financials	4.4	3.3	1.2
Real Estate	1.9	1.6	0.2
Materials	1.7	1.5	0.2
Energy	0.0	1.7	-1.7
Utilities	0.0	0.1	-0.1
Cash	1.9	0.0	1.9

# Performance During Risk-Off Periods

- Risk management in six of the last seven material (> 8%) drawdowns
- We anticipate a return to normalized economic growth and equity returns where safeguarding capital amid volatility will be required to generate excess returns
- We have been and will continue to be more disciplined sellers if we see fundamental issues among portfolio companies or anticipate such issues on the horizon

	<b>July 21, 2015 – Feb. 11, 2016</b> Global Growth Concerns, China, Oil, HY Debt	<b>Aug. 30, 2018 – Dec. 24, 2018</b> Global Growth Slowdown, Rising Interest Rates, Trade Wars	<b>Feb. 20, 2020 – Mar. 23, 2020</b> COVID-19, Oil Plummet	<b>Sept. 3, 2020 – Sept. 23, 2020</b> Chinese Property, Pandemic Wave, Loss of Investor Sentiment	<b>Feb. 13, 2021 – Mar. 8, 2021</b> Rising Bond Yields, Inflation Concerns, Commodities Spike	<b>Dec. 28, 2021 – June 16, 2022</b> Ukraine, Inflation, Rising Rates	<b>Nov. 30, 2022 – Dec. 28, 2022</b> Fear of Fed Overtightening and Recession
ClearBridge Large Cap Growth*	-11.93%	-19.82%	-30.17%	-10.30%	-7.18%	-35.09%	-7.73%
Russell 1000 Growth Index	-13.71%	-21.42%	-31.46%	-11.33%	-9.66%	-31.94%	-9.42%

# New and Eliminated Positions

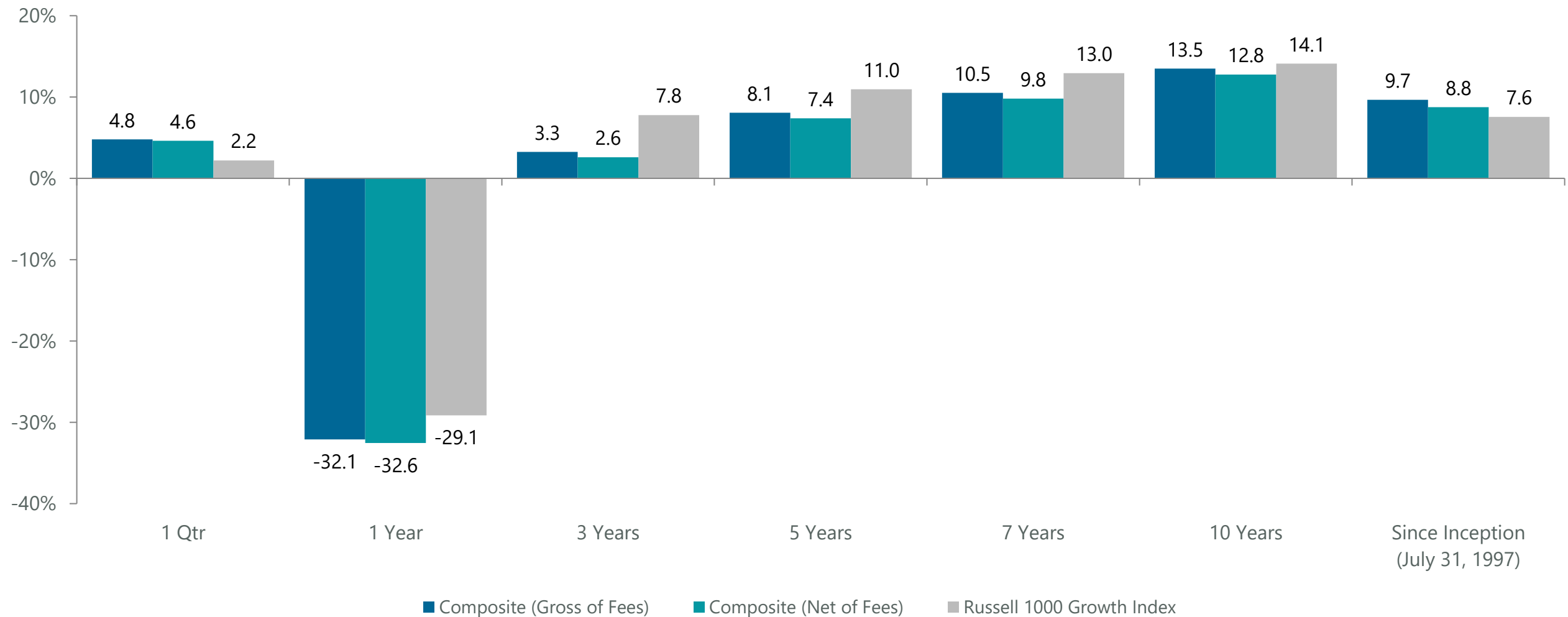
ClearBridge Large Cap Growth – December 31, 2022

2018	2019	2020	2021	2022
<b>New Positions</b> Alibaba Group BioMarin Pharmaceutical Caterpillar Inc. Equinix, Inc. IHS Markit Ltd Nutanix, Inc. Nvidia Corp. QUALCOMM Inc.	<b>New Positions</b> Advance Auto Parts Inc. Booking Holdings C.H. Robinson Worldwide, Inc. Fidelity National Information Services Inc. Grubhub Inc. Salesforce.com Uber Technologies, Inc.	<b>New Positions</b> Alcon, Inc. Amgen, Inc. Aptiv Plc ASML Holding NV ADR Atlassian Corp. Class A Monster Beverage Corp. NXP Semiconductors Ulta Beauty United Technologies Corp. Workday, Inc. Class A	<b>New Positions</b> Eaton Corp. Intuitive Surgical Netflix NIKE, Inc. PayPal Holdings Sea Ltd. (Singapore) Sponsored ADR Class A Tractor Supply Company UiPath	<b>New Positions</b> DexCom, Inc. Estée Lauder Intel Corporation March & McLennan Inc. Sherwin-Williams Stryker Tesla Unity Software
<b>Eliminated Positions</b> CVS Health Corp. eBay, Inc. Dentsply Sirona, Inc. Monsanto Co. Rockwell Collins, Inc.	<b>Eliminated Positions</b> Biogen Inc. Caterpillar Inc. Celgene Corp. Chipotle Mexican Grill Coca-Cola Company Grubhub Inc. Red Hat, Inc. Regeneron Pharmaceuticals, Inc. Schlumberger NV PayPal Holdings Inc. Yum China Holdings, Inc.	<b>Eliminated Positions</b> Alphabet Inc. Class A Alphabet Inc. Class C American Express Company BlackRock, Inc. C.H. Robinson Worldwide, Inc. Charles Schwab Corp. Honeywell International, Inc. Johnson & Johnson Linde Plc McCormick & Co. Oracle Corp. Pioneer Natural Resources Company	<b>Eliminated Positions</b> Akamai Technologies, Inc. Alexion Pharmaceuticals, Inc. Amgen Anheuser-Busch InBev Comcast Costco Wholesale Corporation Ecolab Inc. Nutanix Qualcomm Inc. Texas Instruments VMWare	<b>Eliminated Positions</b> Alibaba Group BioMarin Pharmaceutical Booking Holdings Fidelity National Information Services, Inc. Home Depot NXP Semiconductors UiPath, Inc. Ulta Beauty Walt Disney Company



# Average Annual Total Returns

ClearBridge Large Cap Growth – December 31, 2022



# Top 10 Holdings

ClearBridge Large Cap Growth – December 31, 2022

Security	% of Total Representative Portfolio
Microsoft Corp	7.53
Visa Inc	6.12
Amazon.com Inc	5.55
UnitedHealth Group Inc	5.12
Apple Inc	4.16
NVIDIA Corp	3.41
Thermo Fisher Scientific Inc	3.18
Netflix Inc	2.98
S&P Global Inc	2.91
Monster Beverage Corp	2.86
<b>Total</b>	<b>43.83</b>
<b>Total Number of Holdings</b>	<b>41</b>

# Additional Important Information

## Risks

Although holdings are primarily focused on large-cap companies, limited investments may also be made in mid-cap stocks, which typically involve a higher degree of risk than large-cap stocks. All investments involve risk, including loss of principal and there is no guarantee that investment objectives will be met.

While most investments are in U.S. companies, investments may also be made in ADRs and other securities of non-U.S. companies in developed and emerging markets which involve risks in addition to those ordinarily associated with investing in domestic securities, including the potentially negative effects of currency fluctuation, political and economic developments, foreign taxation and differences in auditing and other financial standards. These risks are magnified in emerging markets.

Active share is a measure of the percentage of stock holdings in a manager's portfolio that differs from the benchmark index.

## Characteristics

The holdings and characteristics shown are based on a representative portfolio included in the Composite. Individual client accounts may differ from holdings and characteristics shown. For illustrative purposes only. Portfolio holdings and characteristics are subject to change at any time.

Portfolio holdings may not be representative of the portfolio manager's current or future investments and are subject to change at any time. The information provided is for informational purposes only and should not be construed as a recommendation to purchase or sell a particular security or be used as the sole basis for an investor to make an investment decision.

The sector weightings and capitalization ranges shown are based on a representative portfolio included in the Composite and are subject to change at any time. Individual client accounts may differ from the sector weightings and capitalization ranges. The information provided is for informational purposes only and should not be construed as a recommendation to over or underweight any particular sector.

## Opinions and Views

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On December 1, 2022, Legg Mason Private Portfolio Group, LLC (LMPPG) changed its name to Franklin Templeton Private Portfolio Group, LLC (FTPPG).

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# GIPS Report

## ClearBridge Large Cap Growth

Reporting Currency: USD										
Inception Date: August 1997								Composite Creation Date: January 2007		
	Total Return (Gross)	Total Return (Net)	Benchmark Return	Number of Portfolios	Composite Dispersion	Composite 3 Yr. St. Dev.	Benchmark 3 Yr. St. Dev.	Total Composite Assets at End of Period (USD million)	Percentage of Firm Assets	Total Firm Assets at End of Period (USD million)
Period										
2021	22.71%	21.93%	27.60%	55	0.18%	18.07%	18.42%	32,311.5	18.98%	170,282.9
2020	32.10%	31.27%	38.49%	52	0.32%	19.42%	19.92%	30,314.1	20.56%	147,416.9
2019	33.01%	32.17%	36.39%	53	0.19%	13.10%	13.26%	23,962.6	18.61%	128,740.4
2018	0.70%	0.05%	-1.51%	47	0.18%	11.56%	12.30%	15,552.9	14.66%	106,083.4
2017	26.38%	25.58%	30.21%	35	0.17%	10.11%	10.69%	13,346.7	11.20%	119,187.1
2016	8.06%	7.36%	7.08%	14	0.05%	11.07%	11.31%	5,572.2	5.52%	100,936.9
2015	10.43%	9.72%	5.67%	8	n/m	11.06%	10.85%	2,564.7	2.77%	92,536.4
2014	14.65%	13.91%	13.05%	<5	n/m	10.41%	9.73%	1,893.5	1.88%	100,721.5
2013	39.01%	38.14%	33.48%	<5	n/m	12.81%	12.35%	1,276.2	1.50%	85,024.7
2012	21.63%	20.85%	15.26%	<5	n/m	16.23%	15.88%	968.3	1.77%	54,624.3

n/m - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

**Compliance Statement:** ClearBridge Investments, LLC claims compliance with the Global investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. ClearBridge Investments, LLC has been independently verified for the periods January 1, 1997 - December 31, 2021. A firm that claims compliance with the GIPS standards must establish policies and procedure for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The ClearBridge Large Cap Growth composite has had a performance examination for the periods January 1, 2005 - December 31, 2021. The verification and performance examination reports are available upon request.

**Firm Information:** ClearBridge Investments, LLC ("ClearBridge") is a wholly owned indirect subsidiary of Franklin Resources, Inc. ("Franklin"). In July 2020 Legg Mason, Inc., its parent company, was purchased by Franklin. The investment advisory business now known as ClearBridge was registered in September 2005 to facilitate Legg Mason's acquisition of substantially all the equity asset management businesses known as Citigroup Asset Management. These former businesses serve as the foundation of ClearBridge and its claim of GIPS compliance for institutional accounts through predecessor firms, effective as of January 1997. In June 2008, ClearBridge combined this business with its retail business to form a single GIPS firm. As of April 1, 2013, January 1, 2016 and May 1, 2020, ClearBridge affiliates, Global Currents Investment Management, LLC, ClearBridge, LLC and ClearBridge Investments Limited (f/k/a RARE Infrastructure Limited) have become part of the ClearBridge GIPS firm.

**Composite Information:** The ClearBridge Large Cap Growth composite consists of institutional discretionary accounts with an account minimum of US \$1 million. All accounts within the composite are invested in issuers that

demonstrate high earnings growth rates. All accounts within the composite are primarily invested in large-capitalization U.S. equities, with an objective of outperforming the Russell 1000 Growth Index. The main risks of this strategy are issuer risk, concentration risk, market capitalization risk and equity risk.

**Input and Calculation Data:** Returns reflect the deduction of all trading expenses and the reinvestment of dividends and other earnings. Gross of fee returns do not reflect the deduction of investment advisory fees or any other expenses that may be incurred in the management of the account. Net of fee returns are calculated using product investment advisory fees and are derived by deducting 1/12th of the maximum fixed fee rate in effect for the respective time period from the gross monthly composite return. The management fee schedule currently in effect is as follows:[0.65% on the first \$25 million, 0.55% on the next \$25 million, 0.45% on the next \$50 million and 0.40% above \$100 million]. ClearBridge's investment advisory fees are described in Part 2A of Form ADV. The internal dispersion of annual returns is measured by the asset-weighted standard deviation of portfolio returns included in the composite for the entire year. A list of composite and limited distribution pooled fund descriptions and a list of broad distribution pooled funds is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Past performance is not necessarily indicative of future results. Gross returns are used to calculate presented risk measures. 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. Other investment vehicles and highest expense ratios and fee's are listed below:

ClearBridge Large Cap Growth CIF : R = Expense Ratio 0.60%, Management Fee 0.55

ClearBridge Large Cap Growth CIT: R = Expense Ratio 0.60%, Management Fee 0.55

**Benchmark Information:** For comparison purposes, composite returns are shown against returns of the Russell 1000® Growth Index.

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