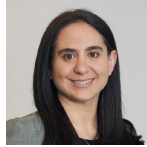




## Large Cap Growth Strategy



**Erica Furfaro**  
Managing Director,  
Portfolio Manager



**Margaret Vitrano**  
Managing Director,  
Portfolio Manager

### Market Overview

Growth stocks led a sharp equity rebound in April, supported by strong corporate earnings and renewed optimism for AI-related investment, despite ongoing uncertainty surrounding the conflict with Iran. The S&P 500 Index surged 10.5% for the month, its strongest performance since November 2020, while the benchmark Russell 1000 Growth Index (RLG) rose 11.9%.

The RLG outperformed the 8.2% advance for the Russell 1000 Value, marking the first month of growth leadership since December 2025 as investors rotated out of defensive positioning following a ceasefire in the Middle East. Within the RLG, communication services was up 19.4% in April, information technology (IT, +14.0%) also outperformed, while consumer discretionary (+11.8%) mostly kept pace with the benchmark.

Corporate earnings remained a key source of support. First-quarter results so far have broadly exceeded expectations, driven in part by continued demand for AI capabilities. According to FactSet, the estimated S&P 500 earnings growth rate of 15.1%, if realized, would mark the sixth consecutive quarter of double-digit growth.

Mega cap earnings exemplified that strength with Alphabet, Amazon.com, Meta Platforms and Microsoft all reporting solid revenue gains from their AI units. Investor reaction to those results and ambitious AI capex plans, however, was mixed. Alphabet fared best due to robust uptake of its cloud services and usage of its TPU chips for AI workloads while Amazon was also higher following results that showed fast growth in its AWS data center business.

Meta was penalized for increasing 2026 capex spend intentions and showing a lower return on investment from that spending. Meta monetizes AI through digital advertising improvements and growing engagement of META AI, its personalized AI assistant, which we believe will eventually monetize on a standalone basis. Alphabet and Amazon, in contrast, are generating sales through cloud infrastructure and enterprise LLM usage — more established businesses already demonstrating return on capital spent. While Microsoft also has seen strong Azure results, the market remains concerned about the company's large software revenue pools being disrupted by AI.

Apple also turned in strong results, highlighted by record iPhone revenue on better-than-expected upgrades to the new iPhone 17 as well as record services revenue.

Taken together, the Strategy's mega cap exposure detracted 50 basis points from relative performance with underweights to Alphabet and Broadcom offsetting the benefits of an overweight to Amazon and underweight to Apple. For the month, the Strategy generated double-digit absolute returns (gross of fees) but trailed the benchmark. That said, we were encouraged by the portfolio's ability to keep pace in a historically strong month for momentum stocks, with the mega cap earnings dispersion in the last trading day of April accounting for most of the relative shortfall.

Our communication services holdings were the primary detractor in April, with Netflix shares lower after issuing 2026 guidance that was in line with its prior outlook, but below some expectations. After Netflix dropped its bid for Warner Bros. Discovery and raised pricing in the U.S., some investors expected an increase to the company's 2026 outlook; however, Netflix had already included the U.S. price increase in its prior views. Despite this expectations miss, we believe Netflix's core business remains solid.

Another encouraging sign in a risk-on period was the Strategy's in-line performance in IT. Strong contributions from newer additions Texas Instruments and Arista Networks as well as Taiwan Semiconductor and infrastructure software maker Synopsys offset headwinds in application software names Intuit and ServiceNow.

### **Portfolio Positioning**

We added one new position in April, Boston Scientific, and scaled up a position in alternative asset manager Blackstone, which we had initiated at the end of March, using the proceeds from the sale of S&P Global.

Boston Scientific is a medical technology company developing minimally invasive devices to treat cardiovascular, oncological and a range of other conditions. We believe the market underestimates the company's durability of growth beyond its headline drivers, WATCHMAN for stroke prevention and electrophysiology to treat atrial fibrillation, as many treatment areas remain underpenetrated. We see a consistent pipeline of internal innovation and tuck-in M&A supporting durable, high-single-digit organic growth and low-teens EPS growth through the cycle, which we view as not fully reflected in the stock's current valuation.

We took advantage of recent stock weakness among alternative asset managers over concerns around private credit fund redemption limits to add Blackstone to the portfolio. We believe Blackstone stands out as a high-quality, highly diversified blue-chip player with manageable exposure to software relative to some of its peers. We believe the company's current valuation overly discounts fears related to AI and private credit. We exited S&P Global, a provider of financial data, index benchmarks and rating services, due to concerns

that generative AI could put some of its information services at risk and to consolidate our financials exposure in businesses where we have higher conviction.

### **Outlook**

If the first quarter demonstrated stabilization for the Strategy compared to the prior year, April provided a measure of confidence in our ability to participate effectively in strong up markets. We continue to calibrate our mega cap exposures based on our outlook for core business trends while also considering each company's AI opportunity. Additionally, we are encouraged by continued signs of a cyclical recovery emerging.

We maintain our confidence that a diversified portfolio of growth companies is the best way to generate consistent results through the business cycle. Recent additions in health care and financials support this approach. We remain proactive when attractive growth opportunities present themselves and are constantly vetting every portfolio holding to ensure we are targeting our highest-conviction names.

### **Portfolio Highlights**

The ClearBridge Large Cap Growth Strategy underperformed its Russell 1000 Growth Index benchmark in April. On an absolute basis, the Strategy delivered positive contributions across seven of the eight sectors in which it was invested (out of 11 sectors total). The primary contributors to performance were the IT and consumer discretionary sectors while the health care sector was the lone detractor.

Relative to the benchmark, overall stock selection and sector allocation detracted from performance. In particular, stock selection in the communication services and industrials sectors and an overweight to materials weighed on results. Conversely, stock selection in the consumer discretionary sector contributed to performance. Notably, the Strategy's IT exposure was flat for the month, with positive stock selection offsetting the negative impact of an underweight allocation.

On an individual stock basis, the primary contributors to relative performance for the month included Texas Instruments, Amazon.com, Arista Networks, an underweight to Apple and not holding Eli Lilly. The main detractors from relative returns were Netflix, RTX, underweights to Alphabet and Broadcom as well as not holding Advanced Micro Devices.

**Past performance is no guarantee of future results. Copyright © 2026 ClearBridge Investments.** All opinions and data included in this commentary are as of the publication date and are subject to change. The opinions and views expressed herein are of the portfolio management team named above and may differ from other managers, or the firm as a whole, and are not intended to be a forecast of future events, a guarantee of future results or investment advice. This information should not be used as the sole basis to make any investment decision. The statistics have been obtained from sources believed to be reliable, but the accuracy and completeness of this information cannot be guaranteed. Neither ClearBridge Investments, LLC nor its information providers are responsible for any damages or losses arising from any use of this information.

Performance source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2026. FTSE Russell is a trading name of certain of the LSE Group companies. "FTSE®" and "Russell®" are a trademark of the relevant LSE Group companies and are used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

Performance source: Internal. Benchmark source: Standard & Poor's.