FRANKLIN TEMPLETON

BrandywineGLOBAL - High Yield Fund

Class A: BGHAX Class I: BGHIX | **Commentary | as of June 30, 2026**

Key Takeaways

- **Markets:** The U.S. fixed income market was choppy during the second quarter but posted a modest gain despite yields moving higher amid inflation concerns. The Bloomberg U.S. Aggregate Bond Index returned 0.67%, bringing its year-to-date return to 0.62%. U.S. investment-grade (IG) and high-yield spreads both narrowed and generated positive total returns as risk markets recovered from geopolitical conflict in the Middle East. High-yield outperformed core fixed income over the quarter and year-to-date.
- **Contributors**: Overweight in the financial services sector.
- **Detractors**: Credit selection in telecommunications.
- **Outlook**: We expect spreads to move more toward the middle of their 260 to 460 basis point range over time but anticipate spreads remaining rangebound barring a sustained bear market in equities or core bonds.

Performance Review

- Credit selection in telecommunications, one of the strongest-performing sectors year-to-date and a relative underweight for the strategy, was responsible for much of the Fund's underperformance. While the broad telecom sector has recently performed well, boosted by publicized spectrum sales and data center buildouts, the cable subsector has been under pressure due to competition from fixed wireless and fiber overbuilders. The strategy's cable exposure was the lead detractor over the quarter as quarterly metrics missed expectations. On the other hand, the strategy did not have exposure to the larger telecommunications issuers that performed strongly.
- An overweight to financials offset some of this detraction as the sector was the best-performing index segment for the quarter. Additional contributions came from the exposures in services and retail that had lagged in the first quarter but recovered well in the second.
- At the quality level, relative underweight exposure to CCC and below credit benefited performance, however, select distressed credits continued to detract. An ongoing underweight duration position relative to the index contributed marginally as interest rates moved higher across the curve.

Outlook

- High-yield spreads ended the quarter toward the tight end of their three-year range. We expect spreads to move more toward the middle of their 260 to 460 basis point range over time but anticipate spreads remaining rangebound barring a sustained bear market in equities or core bonds.
- Despite spreads tightening over 50 basis points during the quarter, yields remain above 7%—a historically attractive entry point for investors over one- and three-year periods.
- Default rates moved marginally higher but have been below 2% for two years. While it is still a difficult environment for some stressed and distressed issuers, bonds with reasonable duration and spreads, and stable to improving fundamentals are doing well. This is where we are deploying capital.
- The strategy's exposure to idiosyncratic risk, particularly tied to B rated and below credits, has been reduced meaningfully as we focus on improving overall portfolio quality. These changes are designed to support reasonable upside capture when markets are strong, as we saw this quarter, and strong downside risk mitigation during periods of weakness.

Morningstar Rating™

Overall Rating as of June 30, 2026

★★★★ **(4-Star)** Class A

★★★★ **(4-Star)** Class I

As of 06/30/2026 the fund's Class I and Class A shares received a 4 star overall Morningstar rating™, measuring risk-adjusted returns against 572, 535 and 438 High Yield Bond 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. The number of funds in the category for the Overall Rating are listed under the 3-year period.

Fund Characteristics	Fund
Distribution Frequency	Monthly
30-Day SEC Yield (Class A)—With Waiver	5.59%
30-Day SEC Yield (Class A)—Without Waiver	5.59%

Not FDIC Insured | No Bank Guarantee | May Lose Value

Average annual total returns and fund expenses (%) - as of June 30, 2026

			Without Sales Charge							With Maximum Sales Charge							Expenses		Sales Charges		Inception
Class	CUSIP	Ticker	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	Date
Class A	52472T734	BGHAX	1.90	0.77	3.92	7.95	4.00	6.94	6.61	-1.88	-2.97	-0.02	6.57	3.26	6.56	6.28	0.88	0.87	3.75	—	12/4/2014
Class I	52472T726	BGHIX	1.95	0.88	4.14	8.19	4.26	7.23	6.90	1.95	0.88	4.14	8.19	4.26	7.23	6.90	0.67	0.66	—	—	12/4/2014
Benchmark	—	—	2.44	1.87	5.73	8.78	4.13	5.70	—	2.44	1.87	5.73	8.78	4.13	5.70	—	—	—	—	—	—

Benchmark(s)

Benchmark =ICE BofA US High Yield 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 12/31/2027 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. Fixed income securities involve interest rate, credit, inflation and reinvestment risks, and possible loss of principal. As interest rates rise, the value of fixed income securities falls. **Changes in the credit rating** of a bond, or in the credit rating or financial strength of a bond's issuer, insurer or guarantor, may affect the bond's value. **Low-rated, high-yield bonds** are subject to greater price volatility, illiquidity and possibility of default. **Active management** does not ensure gains or protect against market declines. 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%).

Duration is a measure of the sensitivity of a bond's price to changes in interest rates.

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 quoted performance for the fund reflects the past performance of Diamond Hill High Yield Fund L.P. (the "High Yield Partnership"), a private fund managed with full investment authority by the fund's Adviser. The fund is managed in all material respects in a manner equivalent to the management of the predecessor unregistered fund. The performance of the High Yield Partnership has been restated to reflect the net expenses and maximum applicable sales charge of the fund for its initial years of investment operations. The High Yield Partnership was not registered under the Investment Company Act of 1940 and therefore was not subject to certain investment restrictions imposed by the 1940 Act. If the High Yield Partnership had been registered under the 1940 Act, its performance may have been adversely affected. Performance is measured from December 4, 2014, the inception of the High Yield Partnership and is not the performance of the fund. The assets of the High Yield Partnership were converted, based on their value on December 31, 2015, into assets of the fund prior to commencement of operations of the fund. The High Yield Partnership's past performance is not necessarily an indication of how the fund will perform in the future either before or after taxes. The performance in the accompanying chart and table is that of the Predecessor. The investment policies, portfolio managers objectives, guidelines and restrictions of the fund are in all material respects equivalent to those of the Predecessor. As a mutual fund registered under the Investment Company Act of 1940, the fund is subject to certain restrictions to which the Predecessor was not subject. The performance information reflects the expenses of the Predecessor adjusted to reflect the fees and expenses of the fund, however, the 30-Day SEC Yield shown reflects the fees and expenses of the Predecessor. The performance is shown net of annual management fees and other expenses which reflects the application of the Class IS expense limitation agreement. If the expense limitation agreement were not applicable, expenses would be higher and performance lower.

The **ICE BofA US High Yield Index** is market capitalization weighted and is designed to measure the performance of U.S. dollar denominated below investment grade (commonly referred to as "junk") corporate debt publicly issued in the U.S. domestic market.

Source: The index data referenced herein is the property of Intercontinental Exchange ("ICE") and/or its licensors and has been licensed for use by Franklin Templeton. ICE and its licensors accept no liability in connection with this use.

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

The **30-day SEC yield** is calculated using the net income (interest and dividends) per share earned over a trailing 30-day period (annualized), divided by the fund's share price at the end of that period. It may not equal the fund's actual income distribution rate, which reflects the fund's past dividends paid to shareholders.

Morningstar Rating™: Source: Morningstar®, 06/30/2026. 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 A shares received a Morningstar Rating of 3, 3 and 5 and fund's Class I shares received a Morningstar Rating of 3, 4 and 5 star(s) for the 3-, 5- and 10-year periods, respectively. Franklin Templeton provides this fund's Morningstar Rating™ for Class A and Class I shares only. Other share classes may have different Morningstar ratings. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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Not FDIC Insured | No Bank Guarantee | May Lose Value

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.

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