FRANKLIN TEMPLETON | ClearBridge

ClearBridge International Value Fund

Class A: SBIEX Class I: SBIYX **Commentary | as of June 30, 2026**

Key Takeaways

- **Markets:** Global equities recovered strongly in the second quarter as investors looked through volatility following March's escalation of the U.S.-Iran conflict and refocused on resilient corporate earnings, improving growth expectations and the durability of the AI capital spending cycle. The MSCI EAFE Index returned 10.8% in the period. Growth's strong quarter helped it recover from first-quarter weakness; however, value stocks continued to outperform year to date.
- **Contributors:** Holdings in Murata Manufacturing, SK Hynix and Samsung Electronics. Stock selection in IT, financials and health care. Overweight to emerging markets, stock selection in Europe Ex U.K. and Japan.
- **Detractors:** Holding in Marubeni and Alstom, not owning ASML. Overweight to energy, stock selection in industrials and consumer discretionary. Overweight to North America, stock selection in Asia Ex Japan and underweight to Japan.
- **Outlook:** Since macro and geopolitical uncertainty remain elevated, investors have crowded into the AI capex trade as it appears to be the one dominant theme where there is the comfort of relative certainty. The portfolio has benefited from this optimism through our semiconductor, industrial equipment and utility holdings, and we generally remain constructive on the long-term prospects of this AI infrastructure buildout.

Top Securities (% of Total)

Holding	Fund
Siemens AG	3.37
Mitsubishi UFJ Financial Group	3.01
MURATA MANUFACTURING CO LTD	2.99
Samsung Electronics	2.74
BNP Paribas	2.58
Marubeni Corp.	2.57
Bawag Group AG NPV	2.54
Lloyds Banking Group PLC	2.54
Airbus Group SE	2.50
SK Hynix Inc.	2.44

Performance Review

- The ClearBridge International Value Fund outperformed its MSCI EAFE benchmark in the second quarter as strong stock selection in information technology (IT), financials and health care more than offset sector-level headwinds to energy and select industrial holdings.
- Four of our top five individual contributors came from IT, participating in a semiconductor and AI-infrastructure-led rally that drove the benchmark sector sharply higher. Murata Manufacturing, a Japan-based electronic components manufacturer and leading supplier of multilayer ceramic capacitors, was the Strategy's top individual contributor, benefiting from tightening supply and stronger demand tied to AI servers, smartphones and automotive applications. South Korean semiconductor manufacturers SK Hynix and Samsung Electronics advanced sharply as persistent undersupply in DRAM and high-bandwidth memory markets supported pricing power and profitability. Germany's Infineon Technologies also contributed as the company raised full-year guidance, supported by stronger demand for power solutions for AI data centers and improved automotive order intake.
- Financials were another area of strong stock selection, with select European banks benefiting from a higher-for-longer rate backdrop, steeper yield curves and continued confidence in capital return potential. Austrian bank BAWAG advanced as strong first-quarter results, a high return on equity and a low cost-income ratio reinforced investor confidence in its earnings durability, while Greece-based Piraeus and U.K.-domiciled Lloyds also contributed to strong performance in the sector.
- Health care also contributed, largely driven by German pharmaceutical and life sciences company Merck KGaA. The stock benefited from positive earnings results, as its life sciences division continued to recover from several years of destocking and its electronics division saw stronger semiconductor-related demand.
- The sharpest sector-level offset came from energy. Shell, TotalEnergies and Cenovus Energy came under pressure as easing geopolitical tensions in the Middle East and the announcement of negotiations between the U.S. and Iran resulted in a pullback in oil and natural gas prices, reducing near-term cash flow support for commodity-sensitive producers and integrated energy companies.
- Several of our industrial holdings also came under pressure during the quarter. Marubeni, a Japan-based trading and industrials company, pulled back after strong first-quarter performance as investors reassessed commodity-sensitive and cyclical exposures. French rail transport systems manufacturer Alstom also fell as revised margin expectations, rolling-stock execution issues and cash flow concerns pressured the shares; we exited the position during the quarter.
- Regionally, emerging markets exposure was the largest contributor to relative performance, led by South Korean semiconductor manufacturer SK Hynix, with additional contributions from Europe Ex U.K., where Anheuser-Busch InBev benefited from better-than-expected earnings and improving beer volume trends. North America exposure was the largest regional detractor, driven by weakness in Brookfield Renewable following a mixed earnings report and Willis Towers Watson as investors grew more cautious on the company's near-term growth outlook.

Outlook

- Since macro and geopolitical uncertainty remain elevated, investors have crowded into the AI capex trade as it appears to be the one dominant theme where there is the comfort of relative certainty. The portfolio has benefited from this optimism through our semiconductor, industrial equipment and utility holdings, and we generally remain constructive on the long-term prospects of this AI infrastructure buildout.
- At the same time, capital flows remain concentrated among AI beneficiaries, leaving valuations across broad areas of the market more attractive for contrarian, long-term investors. In Europe, defense-related shares have retraced meaningfully from last year's surge despite the unresolved war in Ukraine and continued uncertainty in the Middle East. Infrastructure and construction-related companies have also lagged amid concerns over inflation and rates, though we believe Germany's infrastructure spending plans remain intact and that funding should begin to be deployed this year. More globally, health care and consumer stocks remain deeply out of favor, pressured first by tariff uncertainty and more recently by concerns over consumer spending and limited product innovation. We are finding several leading franchises in these sectors where the risk/reward appears compelling given current investor positioning.
- As always, during periods of heightened uncertainty, we remain focused on identifying high-quality businesses with

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improving fundamentals that are aligned with a diversified set of long-term secular themes. We believe this approach positions the Strategy well to navigate volatility while capturing opportunities created by ongoing market dislocations.

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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	52469X607	SBIEX	13.28	13.20	26.91	18.21	10.48	8.51	5.98	7.07	7.00	19.89	16.00	9.18	7.86	5.82	1.41	1.25	5.50	—	2/18/1986
Class I	52469X888	SBIYX	13.30	13.39	27.34	18.61	10.87	8.88	4.31	13.30	13.39	27.34	18.61	10.87	8.88	4.31	1.02	0.90	—	—	12/29/2006
Benchmark 1	—	—	10.82	9.44	20.23	16.44	9.05	9.66	—	10.82	9.44	20.23	16.44	9.05	9.66	—	—	—	—	—	—
Benchmark 2	—	—	14.49	13.68	27.66	18.82	8.79	9.93	—	14.49	13.68	27.66	18.82	8.79	9.93	—	—	—	—	—	—

Benchmark(s)

Benchmark 1=MSCI EAFE Index-NR

Benchmark 2=MSCI All Country World ex-US Index-NR

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. Equity securities are subject to price fluctuation and possible loss of principal. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. The **investment style** may become out of favor, which may have a negative impact on performance. **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. 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. 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

The **yield curve** shows the relationship between yields and maturity dates for a similar class of bonds.

Important Information

Effective September 1, 2023, the MSCI EAFE Index-NR was added as an additional benchmark for the fund.

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 **MSCI All Country World Index ex US (MSCI ACWI Index ex US)** is a market capitalization-weighted index designed to measure equity market performance of developed and emerging markets, excluding the U.S. The **MSCI EAFE Index** is a free float-adjusted market capitalization-weighted index designed to measure developed market equity performance, excluding the U.S. and Canada.

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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.

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