FRANKLIN TEMPLETON | ClearBridge

ClearBridge International Value Fund

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

Key Takeaways

- **Markets:** Value, energy and financials led a modest third-quarter gain in international equities, while a late-July selloff in AI-linked chip stocks and rising bond yields weighed on technology and rate-sensitive areas, respectively.
- **Contributors:** Holdings in Mitsubishi UFJ Financial, Shinhan Financial, Piraeus Bank and Hitachi, and not owning ASML. Stock selection in financials and an overweight to energy. By region, an underweight to Europe Ex U.K.
- **Detractors:** Holdings in SK Hynix, Murata Manufacturing, Infineon Technologies, Brookfield Renewable and Amrize. Stock selection in information technology (IT), materials and health care. By region, stock selection in Europe Ex U.K., underweights to Asia Ex Japan and Japan and an overweight to emerging markets.
- **Outlook:** As always, we remain focused on high-quality businesses with improving fundamentals aligned with a diversified set of long-term secular themes.

Performance Review

- Stock selection in IT, concentrated in AI-exposed hardware and semiconductor holdings, outweighed strong results in financials and energy. Sector allocation was positive overall, helped by our overweight to energy and underweights to health care and consumer staples, but the quarter was overwhelmingly a stock selection story.
- Within IT, South Korean memory makers SK Hynix and Samsung Electronics, Japan's Murata Manufacturing and Germany's Infineon Technologies and all declined as the AI hardware trade unwound. SK Hynix reported sharply higher second-quarter operating profit but missed lofty expectations, and its shares fell further in the late-July chip selloff. Murata, the largest maker of the multilayer ceramic capacitors used to regulate power in AI servers, had been one of the engines of Japan's first-half rally, which left it exposed when sentiment turned. Infineon fell even after reporting record quarterly sales driven by its AI data center business. Not owning ASML, Kioxia and Tokyo Electron partly offset these losses.
- In materials, building products companies Amrize and Wienerberger detracted as construction end markets remained subdued and higher rates pushed out expectations for a more meaningful housing recovery.
- Several of our long-duration defensive holdings were also caught in the rate move. Renewable power producer Brookfield Renewable fell as surging bond yields weighed on rate-sensitive utilities.
- Financials were the largest contributor to relative performance. Mitsubishi UFJ Financial became Japan's most valuable company in July on expectations that Bank of Japan rate increases would lift earnings. Shinhan Financial posted record quarterly net profit and approved another share buyback. Greek lender Piraeus Bank reported record first-half profit and, with Greece reclassified as a developed market, rejoined the Stoxx Europe 600 Index in September.
- Energy was a useful diversifier during periods when IT and industrials struggled. Our overweight benefited as oil prices climbed, and Canadian oil sands producer Cenovus Energy reported record oil sands production and strong free cash flow in the second quarter.

Outlook

- The third quarter showed how quickly crowded positioning in the AI trade can unwind. We remain constructive on the long-term prospects of the AI infrastructure buildout, but we expect continued volatility as investors weigh the scale of that spending and how it is financed. An energy shock tied to the Iran conflict has pushed the ECB, the BoJ and the Fed toward tighter policy, reinforcing a higher-for-longer rate backdrop that we believe favors valuation discipline, cash flow durability and balance sheet strength. We see scope for relief toward year-end and into 2027 as energy comparisons ease and long-term yields embed a term premium that could compress.
- The quarter's rotation has created what we view as an attractive opportunity in long-term growers that sold off on near-term headwinds. Utilities and infrastructure owners such as National Grid, Brookfield Renewable and Brookfield Infrastructure were among the hardest hit by rising yields, yet their growth runways, driven by grid investment, electrification and rapidly rising power demand from data centers, have arguably lengthened. In health care and consumer staples, select franchises have de-rated to valuations that we believe already discount near-term pricing and volume pressures.
- Political uncertainty ahead of the 2027 presidential election has widened the discount on French-listed equities. Global franchises such as Airbus, TotalEnergies, Danone, Nexans and AXA generate only a modest share of their revenue in France, yet trade as if they were proxies for French sovereign risk, and we believe that offers an opportunity to own high-quality global businesses at attractive valuations. A higher-for-longer rate environment also supports the earnings power of well-capitalized banks in Japan, South Korea and Europe, and we continue to find self-help stories that remain underappreciated by the market.

Top Securities (% of Total)

Holding	Fund
Mitsubishi UFJ Financial Group	3.63
Siemens AG	3.36
Shell PLC	3.14
AXA SA	2.91
BNP Paribas	2.86
Marubeni Corp.	2.78
Lloyds Banking Group PLC	2.52
Samsung Electronics	2.50
Airbus Group SE	2.48
ANGLO AMERICAN PLC	2.43

Not FDIC Insured | No Bank Guarantee | May Lose Value

Average annual total returns and fund expenses (%) - as of September 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	-1.55	11.44	18.29	18.68	10.65	7.38	5.90	-6.98	5.34	11.76	16.47	9.34	6.75	5.75	1.41	1.25	5.50	—	2/18/1986
Class I	52469X888	SBIYX	-1.45	11.74	18.70	19.10	11.03	7.76	4.17	-1.45	11.74	18.70	19.10	11.03	7.76	4.17	1.02	0.90	—	—	12/29/2006
Benchmark 1	—	—	0.81	10.33	15.69	18.40	9.32	9.07	—	0.81	10.33	15.69	18.40	9.32	9.07	—	—	—	—	—	—
Benchmark 2	—	—	0.48	14.22	20.00	20.54	9.55	9.25	—	0.48	14.22	20.00	20.54	9.55	9.25	—	—	—	—	—	—

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

A **buyback** is the repurchase of outstanding shares (repurchase) by a company in order to reduce the number of shares on the market.

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

Free cash flow (FCF) is a measure of financial performance calculated as operating cash flow minus capital expenditures.

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 EAFE Index** is a free float-adjusted market capitalization-weighted index designed to measure developed market equity performance, excluding the U.S. and Canada. 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.

Net Returns (NR) include income net of tax withholding when dividends are paid. Source: MSCI makes no warranties and shall have no liability with respect to any MSCI data reproduced herein. No further redistribution or use is permitted. This report is not prepared or endorsed by MSCI.

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.

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