

ClearBridge Emerging Markets Fund

Class I: MCEIX Class A: MACEX

Commentary | as of December 31, 2025

Key Takeaways

- **Markets:** Emerging markets advanced 4.7% in the fourth quarter to finish the year as one of the best performing global equity asset classes. The benchmark MSCI Emerging Markets Index rose 33.6% for 2025, outpacing the developed market MSCI EAFE Index (+31.2%) and handily outperforming the U.S. S&P 500 Index. (+17.9%). Within the benchmark, performance in the fourth quarter was led by Korea and Taiwan, which offset weakness in China. Korean equities soared 27.3% in the quarter, led by a 50% gain for its information technology (IT) sector, while AI-related momentum helped Taiwanese stocks climb 10.4%.
- **Contributors:** SK Hynix, Samsung Electronics, Sieyuan Electric, Capitec Bank, Titan.
- **Detractors:** Alibaba, Tencent, CATL, MercadoLibre, Apollo Hospitals.
- **Outlook:** We believe the EM market recovery is at an early stage. Valuations are appealing, global macroeconomic drivers are supportive and local structural and company-level opportunities all point toward significant upside potential for the asset class.

Performance Review

- Korean semiconductor maker SK Hynix soared more than 80% in the fourth quarter and nearly tripled in price for the year on accelerating demand for its DRAM and NAND memory, particularly high bandwidth memory products used for AI workloads. Shares of Korean memory competitor Samsung Electronics were also up strongly over both periods as memory shortages enabled stronger pricing power.
- Other significant contributors included China's Sieyuan Electric and Korea's HD Hyundai Electric, industrial holdings supporting AI data center buildouts and power requirements, as East Asia continues to gain share in global AI supply chains.
- Capitec Bank, a retail banking and insurance provider, delivered strong financial results amid a supportive environment in South Africa and Titan, an Indian jewelry retailer, produced strong results with bullish comments from management in its latest quarterly release. We view Titan's performance as encouraging for an Indian market that significantly underperformed the broader benchmark in 2025.
- Alibaba and Tencent, two of the largest names in the Chinese equity market, surrendered gains as part of a broader rotation out of China after strong performance earlier in the year. Chinese battery supplier Contemporary Amperex Technology (CATL) was also down, with its high active weight in the portfolio weighing on relative performance. However, we believe that each of these companies remains fundamentally sound and well positioned as the world's second largest economy works through a growth slowdown.
- Latin America e-commerce platform MercadoLibre remained weak due to concerns over the investment level needed to fend off increasing competition in Brazil. Apollo Hospitals and ICICI Bank also detracted as due to their large active portfolio weights in an Indian market still trailing the broader strength across emerging markets.

Outlook

- Following a protracted period of relative underperformance versus developed markets, we believe the EM market recovery is at an early stage. Valuations are appealing, global macroeconomic drivers are supportive and local structural and company-level opportunities all point toward significant upside potential for the asset class.
- International asset flows are also critical in driving prices for EM markets. The opportunity offered by lower valuations, combined with stronger economic growth and improving investor sentiment, creates a virtuous cycle attracting increased foreign capital flows. This, in turn, further enhances potential investment performance. We are still at an early stage in this process and anticipate increased foreign investments into EM equities over the coming years.
- The Chinese economy has begun to demonstrate increased stability, with trade tensions easing, exports remaining strong and a generally more optimistic outlook emerging. Our earlier belief that China wouldn't separate much from the global economy has proven true, as relationships have improved and investors have regained confidence. 2025 has been a challenging year for Indian equities after a sharp valuation pullback following the 2024 election, negative economic growth revisions and consumer softness. However, India offers great upside potential as it benefits from a large and young population, and it remains the fastest-growing major global economy.

Top Securities (% of Total)

Holding	Fund
Taiwan Semiconductor Manufacturing Company	13.51
Tencent Holdings Ltd.	7.77
Samsung Electronics	7.05
SK Hynix Inc.	5.55
HDFC Bank Ltd.	3.72
ICICI Bank Ltd	2.71
Alibaba Group Holding	2.30
Reliance Industries	2.27
China Merchants Bank Co Ltd	2.19
CAPITEC BANK HOLDINGS LTD	2.12

Average annual total returns and fund expenses (%) - as of December 31, 2025

Class	CUSIP	Ticker	Without Sales Charge							With Maximum Sales Charge							Expenses		Sales Charges		Inception Date
			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	
Class I	52471E621	MCEIX	7.75	36.67	36.67	14.24	0.69	8.44	6.10	7.75	36.67	36.67	14.24	0.69	8.44	6.10	0.94	0.94	—	—	5/29/2015
Class A	52471E282	MACEX	7.65	36.21	36.21	13.83	0.36	—	4.81	1.75	28.74	28.74	11.72	-0.82	—	3.98	1.36	1.30	5.50	—	7/16/2018
Benchmark	—	—	4.73	33.57	33.57	16.40	4.20	8.42	—	4.73	33.57	33.57	16.40	4.20	8.42	—	—	—	—	—	—

Benchmark(s)

Benchmark = MSCI Emerging Markets 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 12/31/2026 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. **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**. The portfolio is **non-diversified** and may invest in a relatively small number of issuers, which may negatively impact the performance and result in greater fluctuation in value. The managers' **environmental, social and governance (ESG) strategies** may limit the types and number of investments available and, as a result, may forgo favorable market opportunities or underperform strategies that are not subject to such criteria. There is no guarantee that the strategy's ESG directives will be successful or will result in better performance. **Derivative instruments** can be illiquid, may disproportionately increase losses, and have a potentially large impact on performance. These and other risks are discussed in the fund's prospectus.

Glossary

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. 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.

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Important Information

Effective September 30, 2025, the Martin Currie Emerging Markets Fund was renamed ClearBridge Emerging Markets Fund.

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The **MSCI Emerging Markets Index** is a market capitalization-weighted index that is designed to measure equity market performance in the global emerging markets.

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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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