

ClearBridge Emerging Markets Fund

Class I: MCEIX Class A: MACEX

Commentary | as of March 31, 2026

Key Takeaways

- **Markets:** Emerging markets bore the brunt of energy supply shocks caused by the U.S. and Israel's war with Iran, enduring sharp losses as military action escalated in the last month of the first quarter. The MSCI Emerging Markets Index finished the quarter down 0.2% after a 13.1% drop in March. Oil exporter Brazil (+19.1%) was the best-performing market, while South Korea (+16.5%) and Taiwan (+9.1%) also outperformed. India (-18.1%) suffered among the sharpest losses in EM while China (-8.9%) also underperformed.
- **Contributors:** SK Hynix, Samsung Electronics, Taiwan Semiconductor, Delta Electronics, Sieyuan Electric.
- **Detractors:** HDFC Bank, Mahindra & Mahindra, Kotak Mahindra Bank, Tencent, Trip.com.
- **Outlook:** Recent events may support positive asset allocation moves toward emerging markets. The Iran conflict underscores broader geopolitical uncertainty and questions surrounding the outlook for the U.S. dollar that have been pushing investors to diversify exposures globally.

Performance Review

- South Korean memory producers Samsung and SK Hynix flexed their robust fundamentals with large earnings upgrades. However, gains were pared by quarter end on profit taking and general risk reduction due to geopolitics, especially among foreign investors. Taiwan Semiconductor was boosted by record-breaking quarterly revenue and a massive increase in planned capital expenditures to meet continued growth in AI demand.
- Shares of both Delta Electronics, the Taiwan supplier of power and cooling for AI data centers, and Sieyuan Electric, the Chinese manufacturer of electric transmission equipment, were higher on solid demand trends in their core markets of data centers and electrical grid upgrades.
- Sentiment among Indian companies took another turn lower in the quarter. On top of a rotation out of the region toward areas more indexed to AI innovation, the Iran conflict highlighted India's dependence on foreign energy to power the world's fifth-largest economy and largest population. Most impacted by this negative environment were the country's largest bank, HDFC Bank, wealth and capital markets focused Kotak Mahindra Bank as well as leading auto and industrial equipment maker Mahindra & Mahindra.
- Chinese digital conglomerate Tencent was also a detractor; the company has been engaged in a public LLM subsidy battle for market share that also involves Bytedance, the leader in daily active users, and Alibaba, which boasts the largest monthly active user base. Despite this competitive threat, Tencent's core business areas, including its gaming business, continue to deliver strong growth.
- Fourth-quarter results for Chinese online travel agency Trip.com showed solid demand with revenue ahead of expectations, but the stock was pressured by a guide-down on margin and regulatory scrutiny as well as inflationary pressure later in the quarter. Despite AI disruption concerns, management reiterated that agentic AI offerings are good for itinerary creation, customer service and its fragmented supply chain.

Outlook

- Emerging market exposure to the Middle East has increased in recent years with Saudi Arabia, the United Arab Emirates, Kuwait, Qatar and Egypt all included in MSCI EM Index. Given the long-standing sanction regimes, emerging market companies have essentially zero direct exposure to Iran.
- In general, we would expect to see weakness across Middle Eastern markets while this situation continues. The mitigating factor for the region is its positive sensitivity to rising oil prices. The energy sector is 3.8% of the index and we are roughly 200 basis points underweight. Given the low absolute oil exposures in the index and our even smaller active exposure, our internal portfolio risk systems estimate our portfolio demonstrates limited sensitivity to large oil price moves.
- In the long run, recent events may even support the current positive asset allocation moves toward emerging markets we have been noting in recent quarters. The conflict underscores broader geopolitical uncertainty and questions surrounding the outlook for the U.S. dollar that have been pushing investors to diversify exposures globally.

Top Securities (% of Total)

Holding	Fund
Taiwan Semiconductor Manufacturing Company	14.72
Samsung Electronics	8.60
Tencent Holdings Ltd.	6.40
SK Hynix Inc.	5.49
Delta Electronics Inc	3.02
Shinhan Financial Group Co Ltd	2.66
HDFC Bank Ltd.	2.32
Taiwan Semiconductor-Sp	2.25
Contemporary Amperex Technology Co. Ltd	2.13
CAPITEC BANK HOLDINGS LTD	2.13

Average annual total returns and fund expenses (%) - as of March 31, 2026

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	2.35	2.35	35.45	13.07	0.92	8.28	6.18	2.35	2.35	35.45	13.07	0.92	8.28	6.18	1.03	0.96	—	—	5/29/2015
Class A	52471E282	MACEX	2.26	2.26	34.94	12.64	0.59	—	4.96	-3.37	-3.37	27.47	10.54	-0.60	—	4.15	1.44	1.31	5.50	—	7/16/2018
Benchmark	—	—	-0.17	-0.17	29.55	14.84	3.69	7.80	—	-0.17	-0.17	29.55	14.84	3.69	7.80	—	—	—	—	—	—

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 12/31/2027 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. 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

A **basis point (bp, or bps)** is one one-hundredth of one percent (1/100% or 0.01%).

Capital Expenditure (capex) are funds used by a company to acquire or upgrade physical assets such as property, industrial buildings or equipment.

Important Information

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