

ClearBridge International Growth Fund

Class I: LMGNX Class A: LGGAX

Commentary | as of December 31, 2025

Key Takeaways

- **Markets:** International equities delivered solid gains in the fourth quarter to cap one of the best years for overseas stocks in decades. The core benchmark MSCI EAFE Index rose 4.9% in the quarter to finish up 31.2% for 2025, outperforming the S&P 500 Index's gains of 2.7% for the quarter and 17.9% for the year. The market rally was broad with the MSCI Emerging Markets Index advancing 4.7% for the quarter and 33.6% for the year.
- **Contributors:** Holdings in Siemens Energy, NatWest Group, Argenx, Tokyo Electron and Celestica.
- **Detractors:** Holdings in Sea Limited, Sony, Tencent and Zai Lab and. Stock selection in the health care and consumer discretionary sectors.
- **Outlook:** Lower interest rates could help growth stocks, but we think that to reassert market leadership — specifically in technology software and hardware — it will come down to improved earnings.

Performance Review

- Outside the U.S., growth stocks delivered strong absolute returns but meaningfully underperformed value stocks. The MSCI EAFE Growth Index rose 1.9% for the quarter, trailing the MSCI EAFE Value Index by 590 basis points. In such a value-dominated period, the Fund underperformed its primary MSCI EAFE benchmark.
- As a growth manager, we are selective in owning the companies typically thought of as value in our structural growth segment. We have increased this exposure, predominantly by increasing allocations to banks, where we are seeing a step change in earnings. U.K.-based NatWest Group was a leading contributor during the quarter, and we think banks can continue to work as we believe that interest rates will be stable and loan growth will likely increase along with higher fiscal stimulus and to fund AI and energy transitions.
- The Fund saw strength in holdings supporting the buildout of AI workloads. These were led by Germany's Siemens Energy, a supplier of electrical equipment to power data centers, semiconductor equipment maker Tokyo Electron, Canada's Celestica, a provider of technology solutions for cloud platforms, and Taiwan Semiconductor, the world's largest contract manufacturer of high-end chips.
- Relative performance was negatively impacted by weakness in the consumer discretionary sector. Sea Limited, the Singapore-based e-commerce, gaming and fintech provider, was hurt by profit taking over potential increasing competitive concerns after the shares rose 80% in the first eight months of the year. Japan's Sony, whose diversified media, entertainment and technology businesses are headlined by its PlayStation franchise, was hurt by a sharp rise in DRAM prices that created margin pressure in the company's gaming division.
- Media and technology conglomerate Tencent was caught up in general weakness in the Chinese market while Zai Lab was down over the push out of its move to breakeven profitability into 2027.
- The health care sector has overall underperformed for the year, although selective stocks within the portfolio did quite well. European biopharmaceutical makers Argenx and UCB as well as the U.K.'s AstraZeneca, meanwhile, were bright spots and we view many of these companies as a compelling innovation source, notably in biotechnology.

Outlook

- Better earnings can drive growth stocks higher, and we see challenges to future earnings for growth companies falling into three categories: tariffs, technology and transition. These issues have created volatility around earnings and impacted more highly rated growth stocks. Many of these are in the secular growth bucket and should see a reassertion of growth as the advantages from AI begin to come through and new ways of monetizing their businesses emerge to drive growth rates higher. Lower interest rates could help stocks, but we think that to reassert market leadership — specifically in technology software and hardware — it will come down to improved earnings.
- Despite a relative performance comeback for international equities in 2025, valuations remain historically attractive compared to their U.S. peers. Overseas markets continue to offer growth franchises with best-in-class business models and innovation comparable to the U.S. but at more reasonable multiples. International companies are clear leaders across industries such as semiconductor equipment, biopharmaceuticals, luxury goods and advanced manufacturing and are well-positioned amid the current secular trends of AI and broader defense spending.

Morningstar Rating™

Overall Rating as of December 31, 2025



(4-Star) Class I



(4-Star) Class A

As of 12/31/2025 the fund's Class A and Class I shares received a 4 star overall Morningstar rating™, measuring risk-adjusted returns against 371, 343 and 224 Foreign Large Growth 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.

Top Securities (% of Total)

Holding	Fund
ASML Holding NV	4.09
Siemens Energy AG	3.04
Astrazeneca Azn Ln	3.03
SAP SE	2.99
Sony Corporation	2.85
Taiwan Semiconductor Manufacturing Company	2.72
Intesa Sanpaolo	2.55
NatWest Group PLC	2.53
Safran SA	2.40
Airbus Group SE	2.37

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	524686524	LMGNX	0.82	23.05	23.05	14.77	4.38	9.47	5.66	0.82	23.05	23.05	14.77	4.38	9.47	5.66	0.79	0.79	—	—	3/4/2004
Class A	524686540	LGGAX	0.76	22.74	22.74	14.46	4.10	9.17	11.52	-4.79	15.99	15.99	12.33	2.88	8.53	11.13	1.10	1.07	5.50	—	2/3/2009
Benchmark	—	—	4.86	31.22	31.22	17.22	8.92	8.18	—	4.86	31.22	31.22	17.22	8.92	8.18	—	—	—	—	—	—

Benchmark(s)

Benchmark =MSCI EAFE 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. The investment style may become out of favor, which may have a negative impact on performance. To the extent the portfolio invests in a concentration of certain securities, regions or industries, it is subject to increased volatility. 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 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 basis point (bp, or bps) is one one-hundredth of one percent (1/100% or 0.01%).

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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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Morningstar Rating™: Source: Morningstar®, 12/31/2025. 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 4 and fund's Class I shares received a Morningstar Rating of 3, 3 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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