FRANKLIN TEMPLETON | WESTERN ASSET

Western Asset Core Plus Bond Fund

Class I: WACPX Class A: WAPAX | **Commentary | as of September 30, 2026**

Key Takeaways

- **Markets:** During the third quarter, global markets remained heavily influenced by developments in the Middle East, as repeated military escalations and disruptions to global energy supplies drove renewed inflation concerns and a significant repricing of the interest-rate outlook. As a result, risk assets generally underperformed, aside from AI-related winners.
- **Contributors**: Structured products, non-USD-denominated developed market (DM) positions.
- **Detractors**: Duration positioning, yield-curve positioning, investment-grade credit, agency mortgage-backed securities (MBS), emerging market (EM) exposure.
- **Outlook**: Geopolitical tensions remain a defining feature of the outlook, with the Middle East conflict introducing ongoing uncertainty and contributing to oil price volatility as supply routes face occasional disruption. Even with these pressures, the global economic backdrop is gradually improving as fiscal support, easier financial conditions and moderating inflation help strengthen the 2026 outlook.

Fund Characteristics

Fund Characteristics	Fund
Distribution Frequency	Monthly
30-Day SEC Yield (Class I)—With Waiver	5.34%
30-Day SEC Yield (Class I)—Without Waiver	5.23%

Performance Review

- Overweight positions in structured products had a positive impact on performance due to positive issue selection even though spreads widened.
- Non-USD-denominated DM positions had a positive impact on performance as Australian and United Kingdom yields outperformed United States Treasuries.
- Duration positioning had a negative impact on performance as yields rose.
- Yield-curve positioning had a negative impact on performance as the yield curve bear-flattened.
- Investment-grade corporate securities had a negative impact on performance as spreads widened.
- Agency MBS positioning had a negative impact on performance as spreads widened.
- EM exposure had a negative impact on performance as USD-denominated EM spreads widened.

Outlook

- Global fixed-income markets are navigating heightened uncertainty driven by geopolitical tensions in the Middle East, rapid technological change and increased scrutiny of private credit markets.
- Energy-related supply disruptions have lifted near-term inflation and triggered a sharp reset in market expectations for central bank policy, with investors pricing rate hikes rather than the cuts anticipated earlier in the year.
- While near-term inflation pressures are evident, longer-term inflation expectations remain well anchored, and we believe the magnitude of the recent rate repricing may be somewhat overdone.
- Global growth is expected to moderate, with the US remaining relatively more resilient than other regions due to energy independence, fiscal support and strong underlying fundamentals.

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 I	957663503	WACPX	-4.16	-3.53	-2.51	4.17	-2.20	1.06	4.46	-4.16	-3.53	-2.51	4.17	-2.20	1.06	4.46	0.44	0.44	—	—	7/8/1998
Class A	957663461	WAPAX	-4.23	-3.76	-2.84	3.80	-2.55	0.69	1.74	-7.85	-7.34	-6.44	2.51	-3.39	0.26	1.44	0.81	0.81	3.75	—	4/30/2012
Benchmark	—	—	-3.51	-2.91	-1.84	4.06	-0.64	1.14	—	-3.51	-2.91	-1.84	4.06	-0.64	1.14	—	—	—	—	—	—

Benchmark(s)

Benchmark =Bloomberg U.S. Aggregate Index

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. Net expenses are capped under a contractual agreement, which cannot be terminated prior to 12/31/2027 without Board consent. Actual expenses may be higher and may impact portfolio returns.
During periods of rising inflation, fund yields can vary significantly from month-to-month and may not be repeated.
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. 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. **Low-rated, high-yield bonds** are subject to greater price volatility, illiquidity and possibility of default. **Derivative instruments** can be illiquid, may disproportionately increase losses, and have a potentially large 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. Asset-backed, mortgage-backed or mortgage-related securities** are subject to prepayment and extension risks. **Active and frequent trading** may increase a shareholder's tax liability and transaction costs. These and other risks are discussed in the fund's prospectus.

Glossary

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

Agency mortgage backed security (MBS) are mortgage backed securities issued by government-sponsored enterprises such as Ginnie Mae, Fannie Mae or Freddie Mac.

An **investment grade** credit rating is a rating that indicates that a bond has a relatively low risk of default.

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

Important Information

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 **Bloomberg US Aggregate Index** is comprised of investment-grade, U.S. dollar-denominated government, corporate, and mortgage- and asset-backed issues having at least one year to maturity.

Source: Bloomberg Indices.

Important data provider notices and terms available at www.franklintempletondatasources.com. All data is subject to change.

The **30-day SEC yield** is calculated using the net income (interest and dividends) per share earned over a trailing 30-day period (annualized), divided by the fund's share price at the end of that period. It may not equal the fund's actual income distribution rate, which reflects the fund's past dividends paid to shareholders.

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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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