

# BrandywineGLOBAL - Global Opportunities Bond Fund

Class IS: GOBSX Class A: GOBAX

Commentary | as of March 31, 2026

## Key Takeaways

- **Markets:** The global fixed income market generated weak results during the quarter. Early hopes for moderating inflation and central bank monetary accommodation fell as oil prices surged higher after the war in Iran started. Expectations for central bank rate cuts were replaced by “higher for longer” rates and even the possibility of rate hikes. The U.S. Commerce Department’s second reading for fourth quarter 2025 annualized gross domestic product (GDP) showed a lackluster 0.7% expansion. Overseas, fourth quarter 2025 GDP in the eurozone, UK, and Japan were 0.2%, 0.1%, and 0.3%, respectively, on a quarter-over-quarter basis. The U.S. Federal Reserve (Fed) kept rates on hold during the quarter, as did the Bank of England, European Central Bank, and Bank of Japan. The 10-year US Treasury yield ended the quarter 12 basis points (bps) higher at 4.30%. For the quarter, the Bloomberg Global Aggregate Bond Index returned -1.07%.
- **Contributors:** Currency positioning was additive for returns overall.
- **Detractors:** The Fund’s rates positioning detracted from performance over the quarter.
- **Outlook:** In the manager’s view, the current environment call for a more selective approach across global rates, credit, and currencies.

## Fund Characteristics

Fund Characteristics	Fund
Distribution Frequency	Quarterly
30-Day SEC Yield (Class IS)—With Waiver	6.31%
30-Day SEC Yield (Class IS)—Without Waiver	6.31%

## Performance Review

- Rate positioning detracted from performance, while currencies were additive over the quarter.
- Within rates, an overweight to U.K. gilts was the largest detractor, as investors viewed Britain as more exposed to the energy shock than its European peers, pushing gilt yields higher. An underweight to Chinese government bonds also detracted, as deflationary pressures persisted.
- On the upside, short- to intermediate-duration U.S. Treasuries outperformed amid a flight to safety following the conflict in Iran. U.S. agency mortgage-backed securities and U.S. high yield corporate credit also contributed despite modest spread widening, as demand for both asset classes remained strong.
- Within currencies, an underweight to the euro was the primary contributor, as higher energy import prices were a direct headwind for Europe. Exposure to select Latin American emerging market currencies also contributed, as the Brazilian real, Mexican peso, and Colombian peso all benefited from continued demand for high-carry currencies. Conversely, overweight positions in the South Korean won, Japanese yen, and Chilean peso detracted from performance over the quarter.

## Outlook

- Global fixed income entered 2026 on firmer footing—supported by easing trade tensions, supportive fiscal policy, and improving financial conditions—but the war in Iran has materially changed the backdrop. The resulting disruption to energy flows has introduced a more stagflationary mix of higher inflation, slower growth, and tighter financial conditions, leaving bond markets caught between persistent price pressures and a weakening demand outlook. Even so, we do not view this as a repeat of 2022. Labor markets are softer, excess savings have largely been exhausted, and the risk of a sustained wage-price spiral appears lower, which should limit the need for a broad policy shock response. Instead, we expect greater divergence across central banks, with some likely to stay cautious in the face of higher headline inflation while others respond more directly to slowing growth.
- For investors, this argues for a more selective approach across global rates, credit, and currencies. Recent repricing has improved valuations in parts of the sovereign market, while emerging markets are likely to see wider dispersion between energy importers and commodity producers.
- In currencies, the U.S. dollar has benefited from the terms-of-trade shock and demand for defensiveness, though that support could fade if the energy disruption proves temporary.
- Overall, we believe flexibility, valuation discipline, and careful country selection remain essential in this environment.

## 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 IS	524686318	GOBSX	-1.56	-1.56	6.75	1.61	-1.97	1.07	3.33	-1.56	-1.56	6.75	1.61	-1.97	1.07	3.33	0.55	0.55	—	—	11/1/2006
Class A	524686383	GOBAX	-1.66	-1.66	6.33	1.19	-2.37	0.66	2.33	-5.38	-5.38	2.34	-0.07	-3.21	0.22	2.06	0.97	0.97	3.75	—	3/10/2010
Benchmark	—	—	-1.05	-1.05	3.75	1.65	-2.60	-0.25	—	-1.05	-1.05	3.75	1.65	-2.60	-0.25	—	—	—	—	—	

## Benchmark(s)

Benchmark = FTSE World Government Bond 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](http://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 12/31/2026 without Board consent. Actual expenses may be higher and may impact portfolio returns.

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. **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 fund's performance and result in greater fluctuation in the value of the fund's shares. **Leverage** increases the volatility of investment returns and subjects investments to magnified losses and a decline in value. 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%).

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

**Gilts** are bonds that are issued by the British government, and they are generally considered low-risk investments.

**Gross domestic product (GDP)** is the market value of all final goods and services produced within a country in a given period of time.

**Stagflation** is a seemingly contradictory condition described by slow economic growth and relatively high unemployment, or economic stagnation, which is at the same time accompanied by rising prices (i.e. inflation).

## 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 **FTSE World Government Bond Index** ("WGBI") measures the performance of fixed-rate, local-currency, investment-grade sovereign bonds. The WGBI currently comprises sovereign debt from multiple countries, denominated in a variety of currencies. The WGBI provides a broad benchmark for the global sovereign fixed income market.

Important data provider notices and terms available at [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com). All data is subject to change.

Source: FTSE.

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](http://www.franklintempleton.com). Please read it carefully.**