BrandywineGLOBAL - Global Income Opportunities Fund Inc.

Government
March 31, 2025

BWG

Product Commentary

Performance Review

- The global fixed income market generated a solid gain during the first quarter. Yields in the U.S. declined amid a flight to quality given concerns over a global trade war and the potential for moderating growth. On the economic front, the U.S. Commerce Department reported that fourth quarter 2024 annualized gross domestic product (GDP) growth was 2.4%, compared to 3.1% the previous quarter. The initial estimate for first quarter 2025 GDP will be released on April 30. Elsewhere, fourth quarter GDP in the Eurozone and the U.K. were 0.0% and 0.1%, respectively, while quarter-over quarter GDP in Japan was 0.6%. Turning to monetary policy, the U.S. Federal Reserve (Fed) met in January and March and, as expected, kept rates on hold in a range between 4.25% and 4.50%. The Bank of England (BoE) lowered rated 25 basis points to 4.50% in January and then held rates steady in March. Elsewhere, the European Central Bank cut rates 25 basis points in both January and March. The Bank of Japan (BoJ) raised rates at its meeting in January and was then on hold in March. All told, the 10-year U.S. Treasury yield fell 35 basis points over the first quarter, ending the period at 4.23%. For the quarter, the Bloomberg Global Aggregate Bond Index gained 2.64%. The U.S. dollar fell 3.9% in the first quarter, its weakest quarterly return since the third quarter of 2024. The U.S. dollar fell amid escalating concerns over the economic repercussions from a trade war.
- For the quarter, the fund returned 3.60% at NAV, while the benchmark, the Bloomberg Global Aggregate, returned 2.64%.

QUARTERLY KEY PERFORMANCE DRIVERS

- **What Helped**
- Overweight positions in select emerging market bonds were the largest contributors to performance. Exposure to Mexican, Brazilian, and Egyptian duration was particularly accretive. In Latin America, inflation continued to trend lower, boosting confidence in the region's central banks and supporting rate cutting cycles. Egypt also benefited from additional International Monetary Fund (IMF) support and ongoing fiscal reforms, which helped anchor investor sentiment.
- The Fund's overweight to French duration also contributed during the period. Exposure was concentrated in bank loans and investment-grade credit, both of which benefited from strong investor demand for high-quality carry. Supportive credit fundamentals, including stable bank balance sheets and resilient corporate earnings, provided a solid backdrop. Combined with favorable technicals, this led to a steady narrowing of spreads over the first quarter, driving positive returns across the portfolio's French credit holdings.
- U.S. agency mortgage-backed securities (MBS) also contributed to performance. As volatility rose across the broader credit markets, driven by geopolitical uncertainty, shifting rate expectations, and periods of equity market stress — investors sought the relative safety and liquidity of agency-backed paper. The asset class benefited from strong demand, particularly in periods where spreads widened modestly, offering attractive entry points.
- **What Hurt**
- An underweight to the euro was the largest detractor over the period. The currency benefited from a weaker U.S. dollar and improving investor sentiment following a major fiscal stimulus announcement from Germany. The announcement boosted confidence in the eurozone's growth prospects and helped drive capital inflows, further pressuring the U.S. dollar, which also faced headwinds from shifting Fed expectations and political uncertainty.
- An underweight to the Japanese yen also detracted from performance as the currency benefited from its safe-haven appeal amid intensifying global trade tensions. Additionally, a weakening U.S. dollar and heightened uncertainty around Fed policy contributed to increased inflows into the yen, further supporting its strength.
- Overweight UK gilt positioning moderately detracted over the quarter. While the BoE cut rates in response to weak growth data, yields rose slightly over the quarter amid concerns over rising government borrowing requirements. Additionally, services inflation has remained sticky, causing the BoE to maintain a cautious stance on rate cuts.

Outlook & Strategy

- The first quarter of 2025 marked a clear turning point in market sentiment. Initial optimism around robust U.S. growth and economic exceptionalism has faded, replaced by rising concerns about the implications of the current policy mix. The April 2 tariff escalation may represent a peak in trade policy uncertainty, but its economic effects—combined with aggressive federal spending cuts and tightening immigration policy—are only beginning to filter through. We expect these developments to weigh on growth while simultaneously fueling near-term inflation, creating a challenging stagflationary backdrop. Recent declines in business and consumer confidence suggest that hard data may soon reflect the economic slowdown already underway. GDP growth is likely to decelerate, while inflation remains elevated enough to keep the Fed cautious and reactive. Importantly, while the risk of a technical recession is rising, we do not see a deep or prolonged downturn as the base case.
- Looking globally, we believe the foundations are being laid for a broader growth convergence between the U.S. and other developed economies, led by slower U.S. growth. As the effects of U.S. fiscal tightening take hold, other countries are beginning to lean more heavily on expansionary fiscal policy. This shift, alongside a historically elevated U.S. dollar, supports a more balanced global growth environment, with economic momentum and policy leadership spreading beyond the U.S. to other developed markets over the coming quarters.

Product Details

Inception Date	03/28/2012
Benchmark	Bloomberg Global Aggregate
Ticker	BWG
CUSIP	10537L104

Product Description

Offers investors a leveraged global, flexible portfolio that targets sovereign debt of developed and emerging market countries, U.S. and non-U.S. corporate debt, mortgage backed securities and currency exposure. Seeks current income with a secondary investment objective of capital appreciation. Uses a macro, value-oriented approach to invest across countries, currencies and credits.

Performance Data

Average Annual Total Returns[1] (%)

	1 Mth	3 Mths	1 Year	3 Year	5 Year	10 Year	Since Inception (03/28/2012)
BrandywineGLOBAL - Global Income Opportunities Fund Inc. (NAV Returns)[a]	-1.42	3.60	4.90	2.51	2.69	1.25	2.50
BrandywineGLOBAL - Global Income Opportunities Fund Inc. (Market Price Return)[a]	-0.72	7.37	10.27	5.70	5.79	3.24	2.68
Bloomberg Global Aggregate	0.62	2.64	3.05	-1.63	-1.38	0.61	0.44

Performance shown represents past performance and is no guarantee of future results. *Current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate so shares, when sold, may be worth more or less than the original cost. Returns based on Market Price or NAV, and assume the reinvestment of all distributions at the Dividend Reinvestment Plan Price or NAV, respectively. All returns include the deduction of management fees, operating expenses and all other fund expenses, and do not reflect the deduction of brokerage commissions or taxes that investors may pay on distributions or the sale of shares. When applicable, performance would have been lower if fees had not been waived in various periods. The index is unmanaged and includes reinvestment of any income or distributions. It does not reflect any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the fund's portfolio. Index data is provided for comparison purposes only. The fund is not managed against an index. Returns for periods of less than one year are not annualized. Please visit franklintempleton.com for the most recent month-end performance.*

The total annual operating expenses are as of the fund's annual report available at the time of publication. Actual expenses may be higher and may impact portfolio returns. **NAV** is total assets less total liabilities divided by the number of shares outstanding. **Market Price**, determined by supply and demand, is the price an investor purchases or sells the fund. The Market Price may differ from a fund's NAV. **Premium** / **Discount** reflects the difference between the NAV and the Market Price of the fund, and represents the amount that the fund is trading above or below its NAV, expressed as a percentage of the NAV.

The **Bloomberg Global Aggregate Index** is a global investment-grade debt index including treasury, government-related, corporate and securitized fixed-rate bonds. Source: Bloomberg Indices.

Investment Team

David F. Hoffman, CFA
Years with Firm 29
Years Experience 50

Jack P. McIntyre
Years with Firm 26
Years Experience 38

Anujeet Sareen
Years with Firm 8
Years Experience 32

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Years with Firm 15
Years Experience 30

Tracy Chen, CFA
Years with Firm 16
Years Experience 28

1. Periods shorter than one year are shown as cumulative total returns.

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. Asset-backed, mortgage-backed or mortgage-related securities** are subject to prepayment and extension risks. **Liquidity risk** exists when securities or other investments become more difficult to sell, or are unable to be sold, at the price at which they have been valued. **Leverage** increases the volatility of investment returns and subjects investments to magnified losses and a decline in value. **Derivative instruments** can be illiquid, may disproportionately increase losses, and have a potentially large impact on performance. 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.

Important Legal 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.

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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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a. Gross expenses are the fund's total annual operating expenses as of the fund's annual report available at the time of publication. Actual expenses may be higher and may impact portfolio returns. Net expenses reflect voluntary fee waivers, expense caps and/or reimbursements. Voluntary waivers may be modified or discontinued at any time without notice.

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