

BrandywineGLOBAL - Global Income Opportunities Fund Inc.

BWG
Commentary | as of March 31, 2026

Key Takeaways

- **Markets:** The global fixed income market rallied in January and February, as developed market yields largely declined and investor demand was solid. However, hopes for moderating inflation and central bank monetary accommodation quickly fell by the wayside after the war in Iraq commenced, as oil prices surged higher, leading to expectations of a prolonged uptick in inflation and a global economic slowdown. Against this backdrop, hopes for central bank rate cuts were replaced by expectations for “higher for longer” rates and even the possibility of rate hikes if higher oil prices pushed inflation meaningfully higher.
- **Contributors:** Brazilian government bonds were the primary contributor, benefiting from attractive carry, elevated real yields, and improving domestic fundamentals that supported investor confidence.
- **Detractors:** Performance was weighed down by emerging market sovereign exposures (notably Egypt, Mexico, and Chile), weaker currency positioning in the yen and Chilean peso amid U.S. dollar strength, and modest spread widening in U.S. investment-grade credit driven by heightened macro uncertainty.
- **Outlook:** We believe flexibility, valuation discipline and careful country selection remain essential in the current uncertain environment.

Fund Characteristics

Distribution Frequency

Fund

Monthly

Performance Review

- Emerging market sovereign exposures in Egypt, Mexico, and Chile were the primary detractors to performance. Emerging markets saw increased volatility and domestic inflation concerns given the Iran conflict and rising energy costs.
- Currency positioning in the Japanese yen and Chilean peso detracted from performance, as the U.S. dollar strengthened in March. The move was driven by a combination of safe-haven demand amid heightened geopolitical uncertainty and still-attractive interest rate differentials in favor of the U.S., which weighed on both currencies.
- U.S. investment-grade corporate credit moderately detracted over the period, as spreads widened. This widening reflected a modest shift in risk sentiment, with investors demanding higher compensation for credit exposure amid ongoing macro uncertainty and elevated volatility.
- Brazilian government bonds were a bright spot and contributed to performance. The position benefited from attractive carry, supported by elevated real yields, alongside improving domestic fundamentals, including moderating inflation and a more stable policy backdrop, which helped anchor investor confidence.

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 (%) - as of March 31, 2026

Product	Ticker	Listed Exchange	3-Mo*	6-Mo*	YTD*	1-Yr	3-Yr	5-Yr	10-Yr	Inception	Inception Date
Market Price Return	BWG	NYSE - XNYS	-5.64	-6.39	-5.64	3.00	10.90	2.11	4.71	2.71	3/28/2012
NAV Returns	—	—	-2.40	-2.70	-2.40	6.60	8.37	0.86	3.17	2.79	3/28/2012
Benchmark	—	—	-1.07	-0.84	-1.07	4.26	2.59	-1.46	0.58	0.71	—

*Cumulative total returns

Benchmark(s)

Benchmark = Bloomberg Global Aggregate

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. An investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expense or sales charges. Returns for periods of less than one year are not annualized. Please visit franklintempleton.com for the most recent month-end performance.

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.

Distribution Rate is calculated by annualizing the most recent distribution amount paid, divided by the closing market price or NAV as of the date indicated. The Distribution Rate calculation includes income, may include return of capital and excludes special distributions. The Distribution Rate is subject to change and is not guaranteed nor a quotation of fund performance. The difference between total assets and net assets, if any, is due primarily to the fund's use of borrowings and other liabilities; netassets do not include borrowings. The fund may employ leverage in the form of loans, preferred stock, reverse repurchase agreements and/or other instruments. When the fund engages in transactions that have a leveraging effect on the fund's portfolio, the value of the fund will be more volatile and all other risks will tend to be compounded.

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.

Glossary

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.

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

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

Source: Bloomberg Indices.

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