

ClearBridge Global Infrastructure Income Fund

Class I: RGIVX Class A: RGAVX

Commentary | as of June 30, 2025

Key Takeaways

- **Markets:** Listed infrastructure was resilient during the market volatility in April, strongly outperforming the broader market during the initial tariff scare, and remained steady through May and June while equities recovered from the selloff.
- **Contributors:** The electric and water utilities sectors and renewables were strong contributors in the quarter, with Constellation Energy and E.ON leading individual contributors in the U.S. and Europe, respectively.
- **Detractors:** Energy infrastructure performance was hindered by a decline in the price of oil as tariff uncertainty weighed on the outlooks for economic growth and international trade. Rail and communications also traded down.
- **Outlook:** We remain defensively positioned with an emphasis on utilities, which we find undervalued as peak bond yields have resulted in multiples coming down in that space even while utilities have very strong growth profiles, particularly in the U.S., driven by AI data center power demand, industry decarbonization and resiliency spending.

Performance Review

- On a regional level, Western Europe was the strongest performer in the listed infrastructure universe we cover, where interest rate cuts from the European Central Bank and policy support such as Germany's fiscal stimulus, with its focus on infrastructure spending, were positive for European utilities and renewables. Inflation concerns, elevated interest rates and expectations that tax incentives for renewables in the Inflation Reduction Act would be curtailed by the Trump administration kept a lid on infrastructure gains in the U.S.
- Western Europe was the top regional contributor to Fund returns for the quarter as well, with German electric utility E.ON the lead performer. E.ON is a European electric utility that runs one of the world's largest investor-owned electric utility service providers and is the largest distribution system operator in Germany. Across Europe, it has 47 million customers. Continued momentum on structural reform in Germany and a huge potential run rate of grid investment helped E.ON's share price.
- U.S. electric utility Constellation Energy also outperformed for the quarter. Constellation is primarily a nuclear generation company and is the largest producer of carbon-free electricity in the U.S., serving states including New York, Illinois, Maryland, Pennsylvania and New Jersey. The company's combined generation capacity is more than 32 GW and 90% of annual output is carbon free. Constellation's share price benefited from the renewed optimism on data center deals.
- U.S. energy infrastructure company ONEOK and Canadian energy infrastructure company Pembina Pipeline were the largest detractors. ONEOK is one of the largest diversified energy infrastructure companies in the U.S., owning and operating an extensive network of natural gas liquids (NGL), natural gas, refined products and crude oil assets. Underperformance for the quarter was primarily driven by the OPEC+ decision to increase production and accelerate the unwinding of voluntary cuts, which ultimately led to further softening of the oil price outlook.
- Pembina Pipeline provides transportation and midstream services for the energy industry in North America, with a focus on the Western Canadian Sedimentary Basin (WCSB). The market is currently focused on the outcome of toll renegotiations for the Alliance Pipeline, which has significantly over-earned in the last several years. We believe the market is overreacting to the potential normalization in the tolling rate, which we believe will have only a low-single-digit impact on a group earnings basis. Looking beyond this, Pembina is positioned as a market leader in providing pipeline and midstream processing services to the fast-growing WCSB, which is seeing a step change in growth driven by liquified natural gas (LNG) and liquified petroleum gas (LPG) exports and a growing petrochemical industry in Alberta.

Outlook

- While the current environment is marked by heightened volatility and uncertainty, we remain confident in our utility and infrastructure assets and their ability to generate defensive, consistent and growing cash flow streams for shareholders over the medium to long term. Another key benefit of infrastructure investing is the pass-through of inflation – approximately 90% of our portfolio continues to benefit from direct or indirect inflation pass-through mechanisms.
- Currently, we remain somewhat defensively positioned with an emphasis on utilities. We continue to find the sector undervalued, as peak bond yields have resulted in multiples coming down in that space. Nevertheless, the utilities themselves have very strong growth profiles, particularly in the U.S., driven by AI data center power demand, industry decarbonization and resiliency spending. At the same time, European utilities are getting more capex approved by regulators and are seeing returns tick up as well, providing robust long-term visibility in earnings growth. Further, in terms of tariffs, regulated utilities are largely insulated. Tariffs are unlikely to have a meaningful impact on utility earnings given they service domestic catchments with electricity, gas and water, and are not directly exposed to international trade. Overall, we believe infrastructure's defensive characteristics and downside protection offer diversification in today's uncertain market environment.

Top Equity Issuers (% of Total)

Holding	Fund
Severn Trent Plc	4.55
Vinci Sa	4.52
Entergy Corporation	4.51
Sse Plc	4.26
Nextera Energy, Inc.	4.06
Emera Incorporated	3.99
Redeia Corporacion Sa	3.96
Enel Spa	3.95
E.ON Se	3.92
Tc Energy Corporation	3.46

Sector Allocation (% of Total)

	Fund
Electric	43.14
Gas	11.31
Energy Infrastructure	9.23
Water	7.23
Renewables	6.56
Toll Roads	5.80
Airports	4.95
Rail	4.15
Communications	3.22
Cash	4.42

Average annual total returns and fund expenses (%) - as of June 30, 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	52471E472	RGIVX	8.93	18.92	24.57	6.00	9.61	—	8.10	8.93	18.92	24.57	6.00	9.61	—	8.10	1.39	0.95	—	—	3/31/2016
Class A	52471E480	RGAVX	8.89	18.73	24.32	5.73	9.28	—	7.78	2.89	12.18	17.45	3.67	8.00	—	7.09	1.42	1.30	5.50	—	3/31/2016
Benchmark	—	—	4.29	9.30	17.03	6.66	8.15	—	—	4.29	9.30	17.03	6.66	8.15	—	—	—	—	—	—	—

Benchmark(s)

Benchmark = FTSE Global Core Infrastructure 50/50 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. Companies in the **infrastructure industry** may be subject to a variety of factors, including high interest costs, high degrees of leverage, effects of economic slowdowns, increased competition, and impact resulting from government and regulatory policies and practices. **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**. To the extent the portfolio invests in a **concentration of certain securities, regions or industries**, it is subject to increased volatility. **Real estate investment trusts (REITs)** are closely linked to the performance of the real estate markets. REITs are subject to illiquidity, credit and interest rate risks, and risks associated with small- and mid-cap investments. Investments in energy-related **master limited partnerships and midstream entities** are subject to risks of declines in energy and commodity prices, decreases in energy demand, adverse weather conditions, natural or other disasters, changes in government regulation, and changes in tax laws. **Derivative instruments** can be illiquid, may disproportionately increase losses, and have a potentially large impact on performance. **Dividends** may fluctuate and are not guaranteed, and a company may reduce or eliminate its dividend at any time. 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. 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.

Important Information

Effective June 1, 2025, the fund changed its benchmark to the FTSE Global Core Infrastructure 50/50 Index-NR.

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 Global Core Infrastructure 50/50** includes developed and emerging market infrastructure and infrastructure-related listed securities allocated to 50% utilities, 30% transportation, including capping of 7.5% for railroads/railways, and a 20% mix of other sectors including pipelines, satellites and telecommunication towers. Source: FTSE. Net Returns (NR) include income net of tax withholding when dividends are paid.

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

© Franklin Distributors, LLC. Member FINRA/SIPC.

ClearBridge Investments, LLC, and Franklin Distributors, LLC, are Franklin Templeton companies.

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.



FRANKLIN
TEMPLETON