The Anatomy of a Recession

Fourth Quarter 2025

ClearBridge | FRANKLIN TEMPLETON

Past performance is no guarantee of future results. Financial term and index definitions are available in the appendix.

FRANKLIN TEMPLETON

Table of Contents

ClearBridge

Economic Outlook

U.S. Recession Dashboard

- 12 variables have historically foreshadowed a looming recession
- The overall dashboard is currently signaling expansion

		September 30, 2025	June 30, 2025	March 31, 2025
Consumer	Housing Permits	Caution	Expansion	Expansion
Consumer	Job Sentiment	Recession	Recession	Recession
Consumer	Jobless Claims	Expansion	Expansion	Expansion
Consumer	Retail Sales	Expansion	Expansion	Expansion
Consumer	Wage Growth	Expansion	Expansion	Expansion
Business Activity	Commodities	Expansion	Expansion	Expansion
Business Activity	ISM New Orders	Caution	Recession	Recession
Business Activity	Profit Margins	Caution	Caution	Expansion
Business Activity	Truck Shipments	Expansion	Expansion	Caution
Financial	Credit Spreads	Expansion	Expansion	Expansion
Financial	Money Supply	Expansion	Expansion	Expansion
Financial	Yield Curve	Caution	Caution	Recession
	Overall Signal	Expansion	Expansion	Expansion

Expansion Caution Recession

Data as of Sept. 30, 2025. Sources: BLS, Federal Reserve, Census Bureau, ISM, BEA, American Chemistry Council, American Trucking Association, Conference Board, Bloomberg, CME, FactSet and Macrobond. The ClearBridge Recession Risk Dashboard was created in January 2016. References to the signals it would have sent in the years prior to January 2016 are based on how the underlying data was reflected in the component indicators at the time.

FRANKLIN TEMPLETON

U.S. Recession Dashboard: Historical Lookbacks

- 12 variables have historically foreshadowed a looming recession
- The overall dashboard is currently signaling expansion

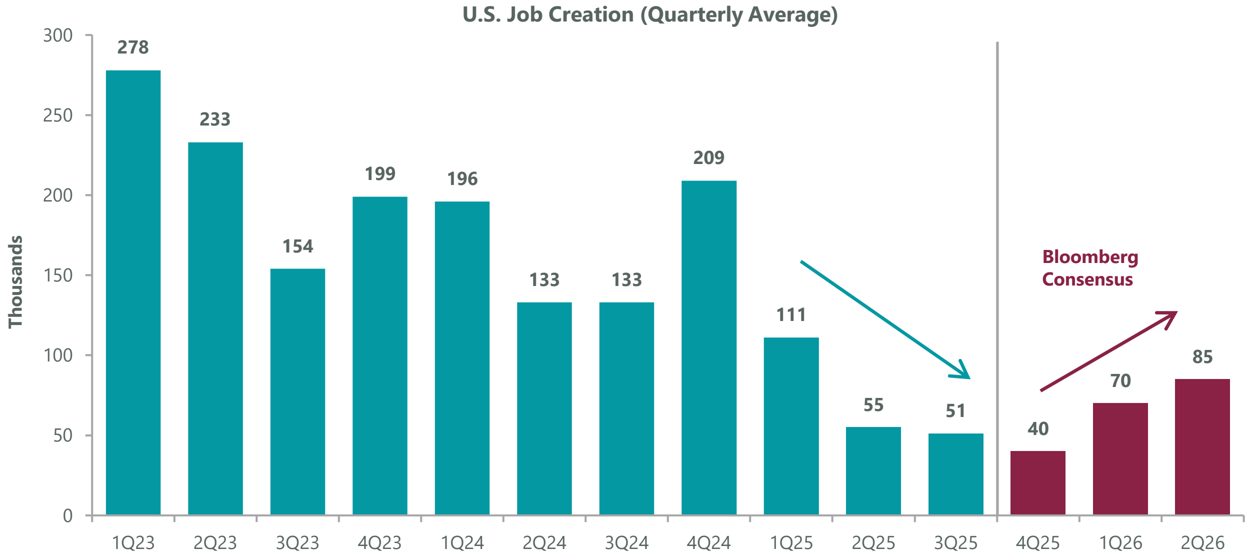
		Current	2020	2007-2009	2001	1990-1991	1981-1982	1980	1973-1975	1969-1970
Consumer	Housing Permits	●	↑	✖	●	✖	✖	✖	✖	✖
	Job Sentiment	✖	●	✖	✖	✖	✖	●	●	●
	Jobless Claims	↑	↑	●	✖	✖	✖	✖	↑	✖
	Retail Sales	↑	↑	✖	✖	✖	✖	✖	●	✖
	Wage Growth	↑	✖	✖	✖	✖	✖	✖	✖	✖
Business Activity	Commodities	↑	↑	✖	✖	✖	✖	●	●	●
	ISM New Orders	●	●	✖	✖	✖	✖	✖	✖	✖
	Profit Margins	●	✖	✖	✖	✖	✖	✖	●	✖
	Truck Shipments	↑	↑	●	✖	✖	✖	✖	n/a	n/a
Financial	Credit Spreads	↑	↑	✖	✖	✖	✖	✖	↑	●
	Money Supply	↑	↑	✖	✖	✖	✖	✖	✖	✖
	Yield Curve	●	✖	✖	✖	✖	✖	✖	✖	✖
	Overall Signal	↑	●	✖	✖	✖	✖	✖	●	✖

↑ Expansion ● Caution ✖ Recession

ClearBridge

Data as of Sept. 30, 2025. Sources: BLS, Federal Reserve, Census Bureau, ISM, BEA, American Chemistry Council, American Trucking Association, Conference Board, Bloomberg, CME, FactSet and Macrobond. The ClearBridge Recession Risk Dashboard was created in January 2016. References to the signals it would have sent in the years prior to January 2016 are based on how the underlying data was reflected in the component indicators at the time.

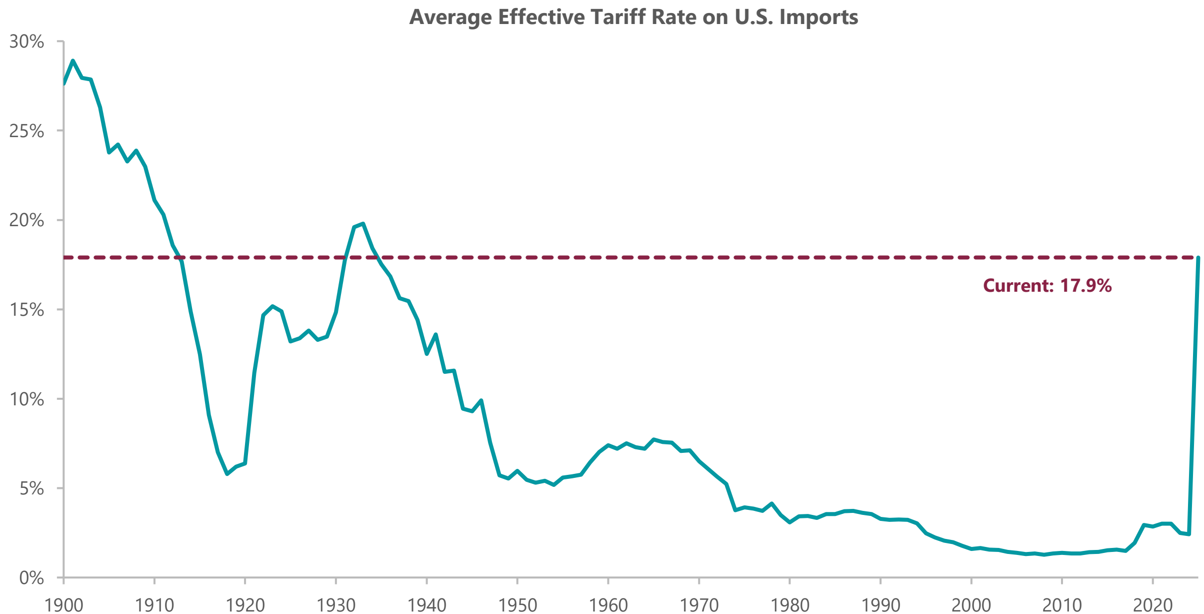
Labor Market Slowdown



- Job creation has been steadily slowing over the past few years, a dynamic that accelerated in 2025 due to changes in trade policy and immigration.
- Economists expect a rebound in job creation into 2026 as stimulus comes online and policy headwinds abate.

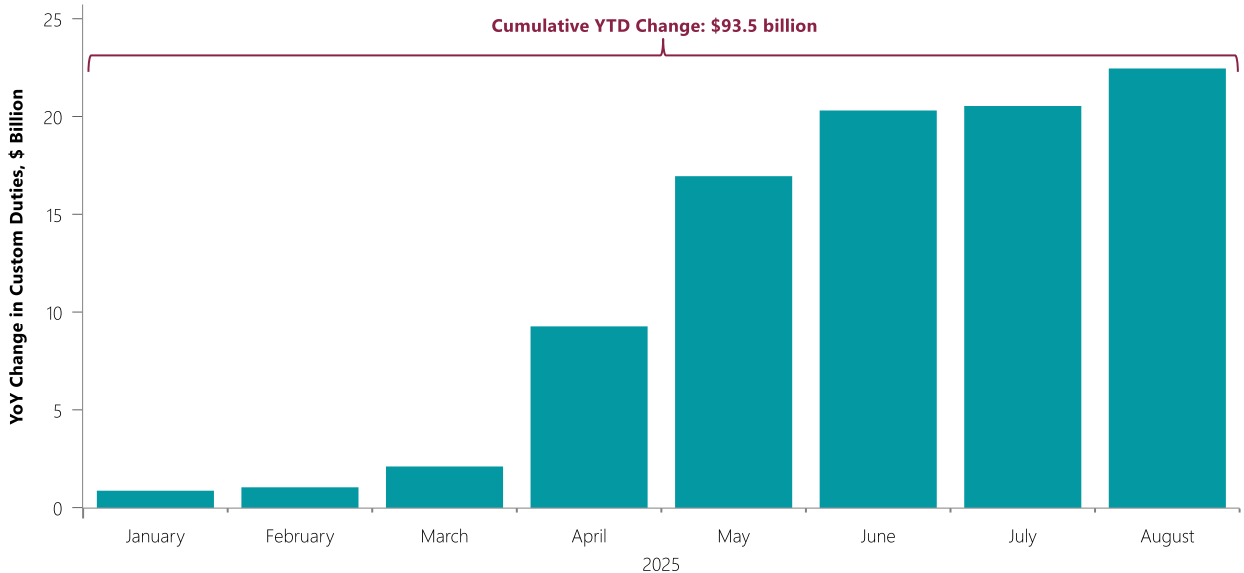
Note: Quarterly average change in nonfarm payrolls. The term "consensus" within the capital markets industry refers to the average of earnings estimates made by professionals. As of Sept. 30, 2025. Sources: Bloomberg, U.S. Bureau of Labor Statistics (BLS), Macrobond.

Tariff Headwind



- **The average effective tariff rate has risen to levels last seen in the 1930s which will likely be a headwind to economic growth in the coming quarters.**

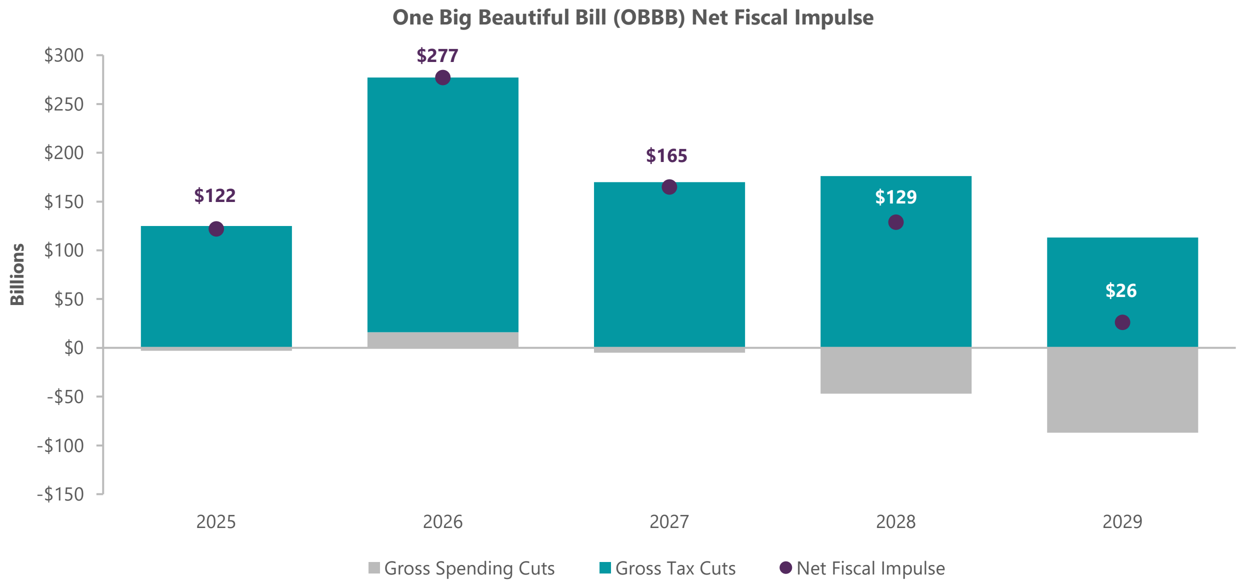
Tariff Tailwind?



- The Supreme Court may decide that the administration's IEEPA tariffs need to be refunded, which would be a windfall to corporate America next year.
- Secretary of the Treasury Scott Bessent has noted that approximately half of the incremental tariff revenue, which is on pace to near $200 billion by year-end, has come from IEEPA tariffs.

Data as of Sept. 11, 2025, latest available as of Sept. 30, 2025. Sources: U.S. Department of Treasury, Macrobond. **Past performance is not a guarantee of future results.**

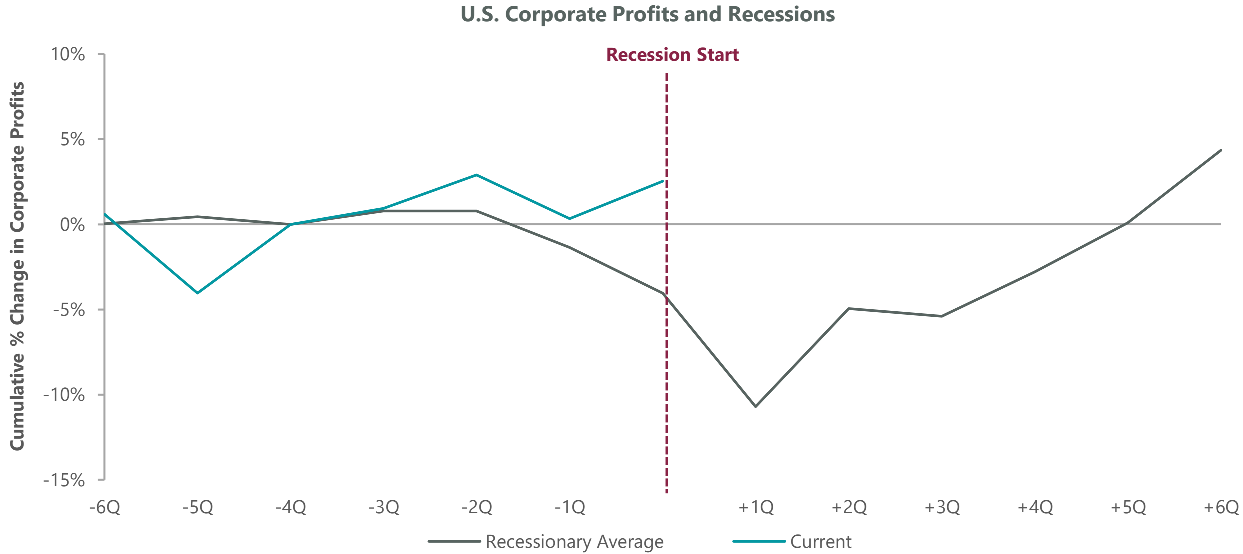
Tax Tailwind



- **The OBBB is expected to deliver a positive fiscal boost above and beyond the extension of the 2017 TCJA tax cuts.**
- **The peak impulse of approximately 1% of GDP is estimated to be felt in 2026 before gradually fading over the following three years.**

Data as of Sept. 30, 2025. Based on final CBO Scoring of the One Big Beautiful Bill Act. Source: Wolfe Research. There is no assurance that any estimate, forecast or projection will be realized.

Profits Don't Look Recessionary

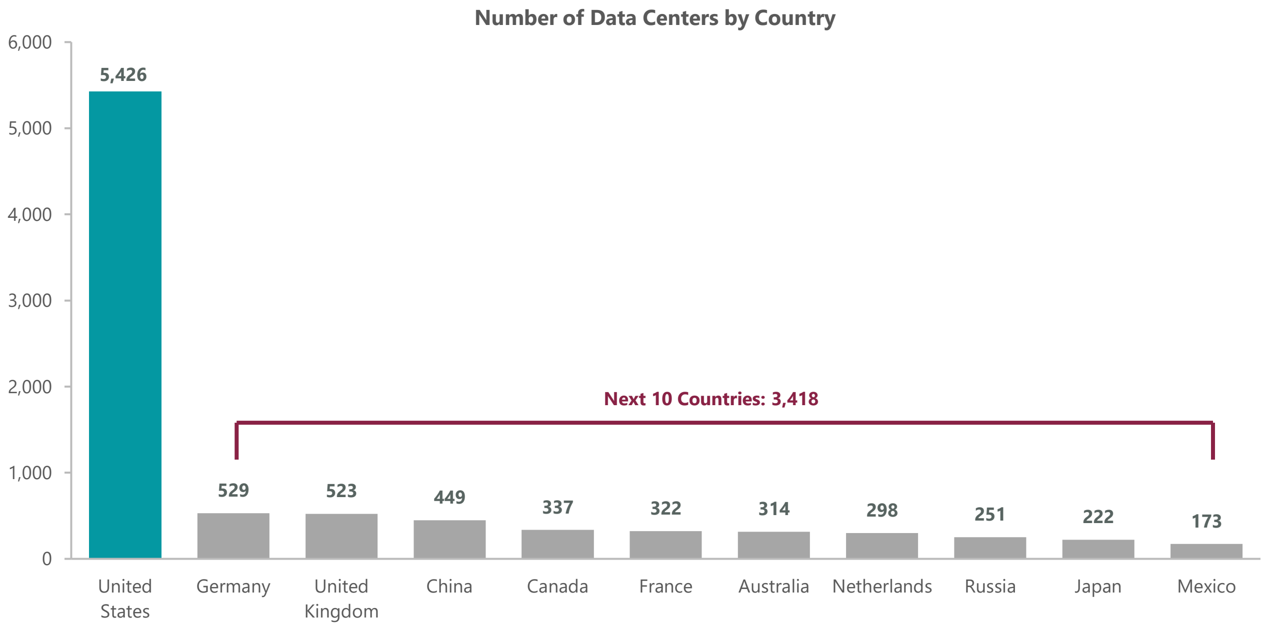


- **Corporate profits have historically plateaued and then declined beginning two quarters prior to past recessions going back to 1965, on average.**
- **With profits picking up once again, the recent trajectory bears little resemblance to these past periods, suggesting less of a need for corporations to lay off workers.**

ClearBridge

Note: Nonfinancial Corporate Profits w/IVA and CC Adj (Gross Value Add), 1965-Present.
Data as of June 30, 2025, latest available as of Sept. 30, 2025. Source: BEA, Bloomberg, NBER. **Past performance is not a guarantee of future results.**

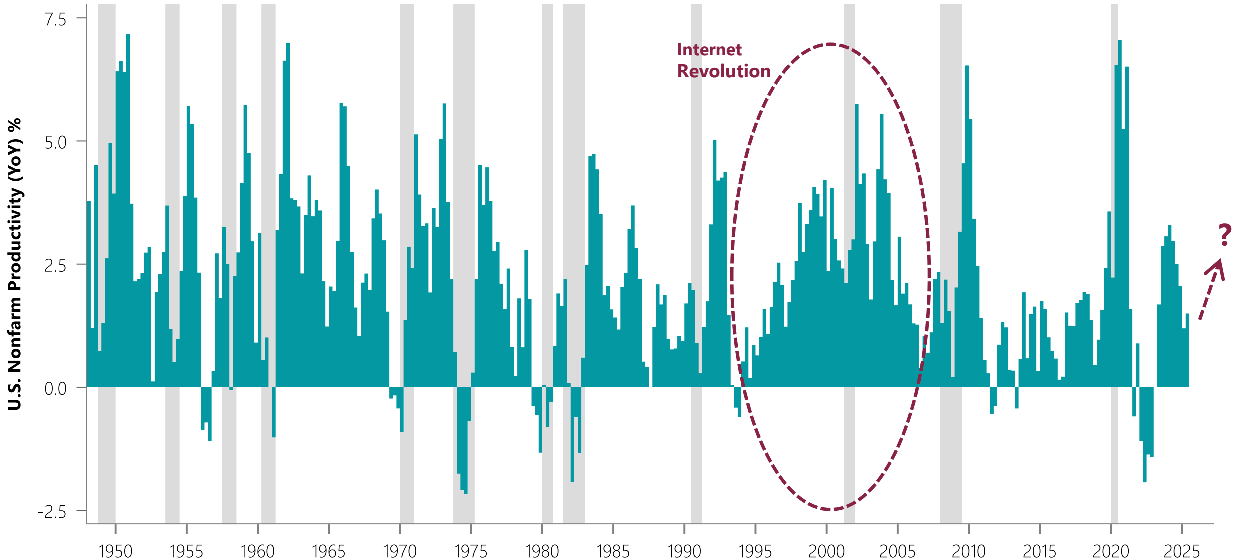
The AI Investment Boom



- **The U.S. is the leading global destination for AI investment, outpacing the next 10 countries combined by ~2,000 data centers.**

Data as of March 31, 2025. Source: Statista.

The Productivity Pickup



- **Productivity dropped well below the historical average in the aftermath of the Global Financial Crisis but has rebounded more recently and is now back in line with the long-term average.**
- **While the economy is only beginning to experience benefits from AI, this technology could unleash a sustained productivity wave similar to the internet revolution.**

Gray shading marks recessionary periods. Data as of Sept. 4, 2025, latest available as of Sept. 30, 2025. Sources: U.S. Bureau of Labor Statistics (BLS), NBER, and Macrobond.

Market Outlook

Not All Cuts Are Equal

Initial Cut Date	Economic Outcome	-1Y EPS Growth	+1Y EPS Growth	S&P 500 Price Change: 6-Month	12-Month	24-Month
Apr. 1980	Recession	12.2%	-3.0%	22.8%	33.1%	9.6%
June 1981	Recession	0.5%	-5.6%	-4.6%	-15.5%	22.6%
Oct. 1984	Soft Landing	22.5%	-9.4%	10.4%	11.3%	41.4%
June 1989	Recession	16.4%	-15.7%	7.4%	12.2%	21.1%
July 1995	Soft Landing	33.8%	20.3%	11.2%	21.1%	59.8%
Sept. 1998	Soft Landing	3.6%	5.5%	18.0%	25.9%	44.7%
Jan. 2001	Recession	11.0%	-16.8%	-9.1%	-14.8%	-34.7%
Sept. 2007	Recession	10.6%	-8.9%	-12.4%	-15.6%	-32.8%
July 2019	Recession	9.5%	-12.1%	8.2%	9.8%	47.5%
Sept. 2024	Soft Landing	6.9%	10.8%	6.0%	15.0%	???
Recessionary Average		10.0%	-10.3%	2.0%	1.5%	5.5%
Soft Landing Average		16.7%	6.8%	11.4%	18.3%	48.6%
Sept. 2025	???	10.8%	12.9%*	???	???	???

- **Soft landing rate-cut cycles have historically been associated with superior EPS growth and S&P 500 returns.**
- **Sell-side consensus currently expects 12.9% EPS growth over the next 12 months, which if realized would be consistent with past soft-landing cycles.**

*Sell-side consensus expected next-12-month EPS growth. Rate-cut cycles of at least 75 bps. The term "consensus" within the capital markets industry refers to the average of earnings estimates made by professionals. Sources: FactSet, Shiller, S&P. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Equity Leadership Following the Cut

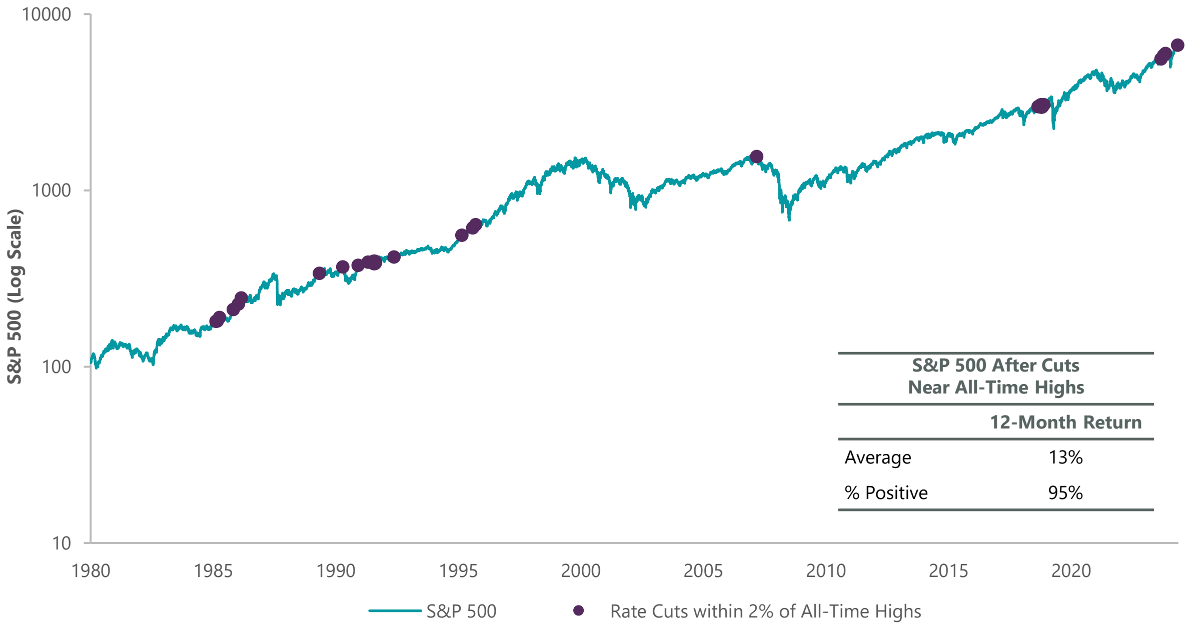
Initial Rate Cut	Economic Outcome	Cash (3M T-Bills)	Russell 1000 Growth	Russell 1000 Value	Russell Mid Cap	Russell 2000
		Subsequent 12-Month Price Return				
Apr. 1980	Recession	13.5%	39.0%	30.1%	51.4%	66.3%
June 1981	Recession	15.9%	-18.4%	-15.2%	-18.3%	-20.5%
Oct. 1984	Soft Landing	8.9%	9.5%	10.8%	12.0%	8.5%
June 1989	Recession	8.7%	17.5%	4.2%	4.5%	-1.5%
July 1995	Soft Landing	5.5%	22.5%	18.2%	17.3%	19.1%
Sept. 1998	Soft Landing	4.7%	30.4%	12.8%	13.7%	13.6%
Jan. 2001	Recession	4.4%	-15.6%	-5.7%	-3.1%	5.3%
Sept. 2007	Recession	3.2%	-17.6%	-25.4%	-19.3%	-12.8%
July 2019	Recession	1.5%	24.9%	-9.2%	-0.7%	-5.7%
Sept. 2024	Soft Landing	4.4%	26.2%	8.2%	10.7%	9.2%
Average		7.1%	**11.8%**	**2.9%**	6.8%	8.2%
Recessionary Average		**7.8%**	5.0%	**-3.5%**	2.4%	5.2%
Soft Landing Average		**5.9%**	**22.2%**	12.5%	13.4%	12.6%

- **Equities have meaningfully outperformed cash following the commencement of soft-landing rate-cut cycles, with large cap growth leading the way.**

Rate-cut cycles of at least 75 bps. Sources: FactSet, Bloomberg, Russell, ICE BofA, NBER. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. For illustrative purposes only and not reflective of the performance or portfolio composition of any Franklin Templeton fund.

Cuts Near All-Time Highs a Good Omen

FRANKLIN TEMPLETON



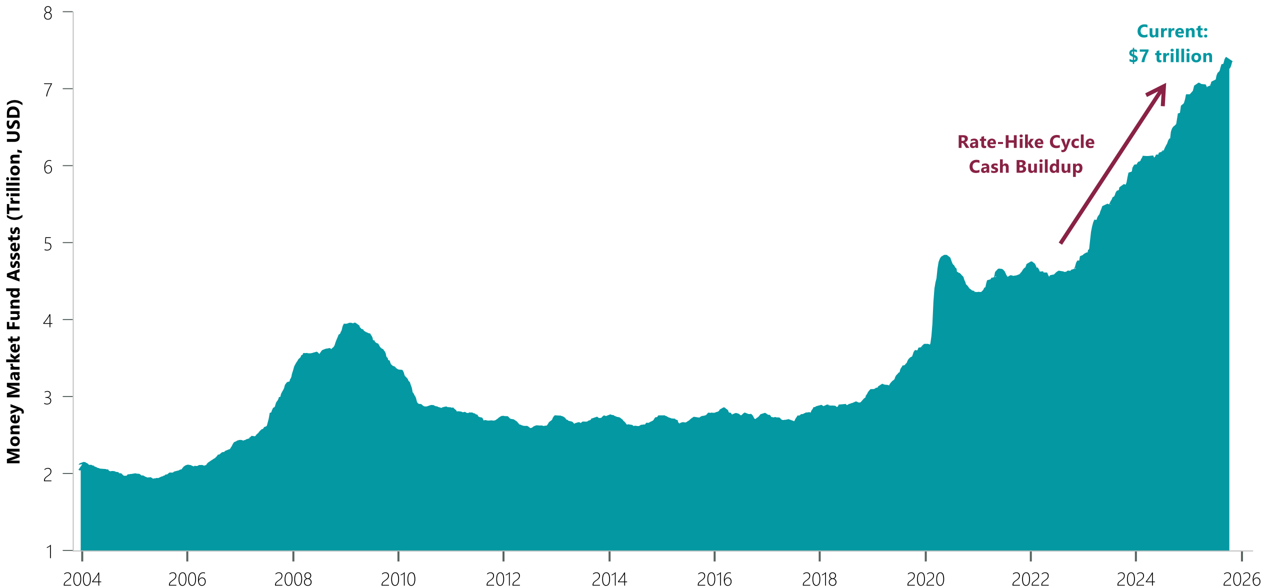
S&P 500 After Cuts Near All-Time Highs	
	12-Month Return
Average	13%
% Positive	95%

- **Equities have historically continued to move higher in the year following historical Fed interest-rate cuts that came with the S&P 500 near All-Time Highs.**

ClearBridge

Data as of Sept. 30, 2025. Sources: FactSet, Federal Reserve, S&P. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

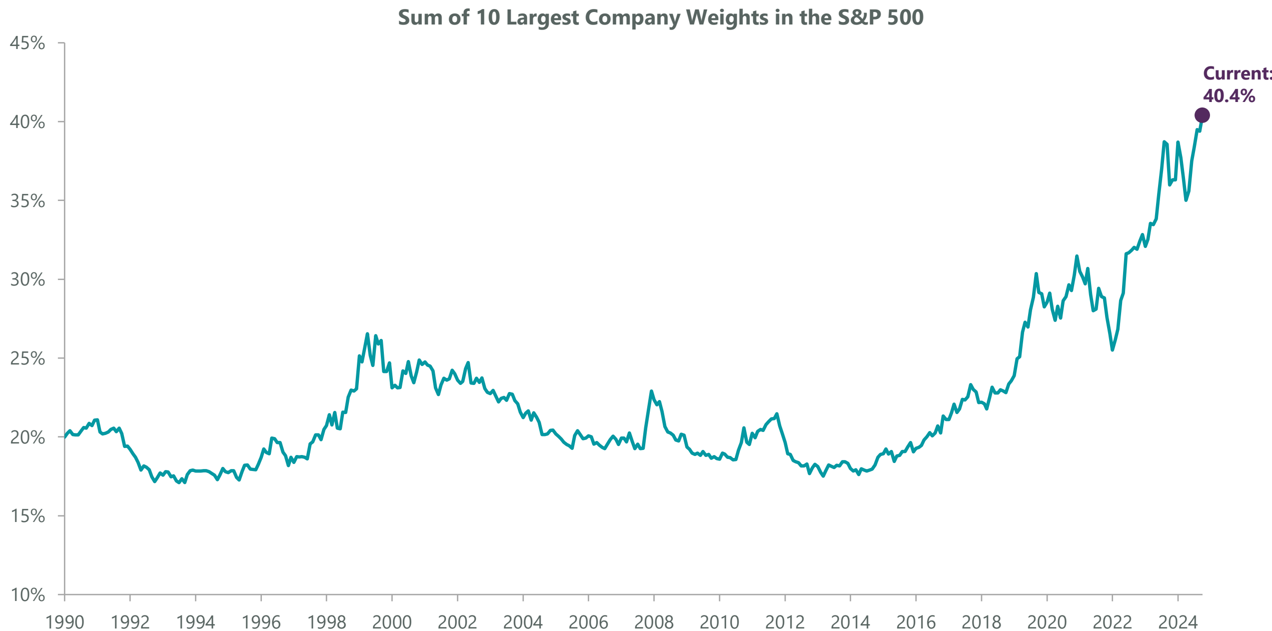
Cash on the Sidelines



- **Cash holdings in money market funds have increased dramatically over the past five years.**
- **Investors may reconsider their asset allocations should the Fed decide to further lower interest rates.**

Data as of October 9, 2025. Sources: Investment Company Institute (ICI), Macrobond. **Past performance is not a guarantee of future results.**

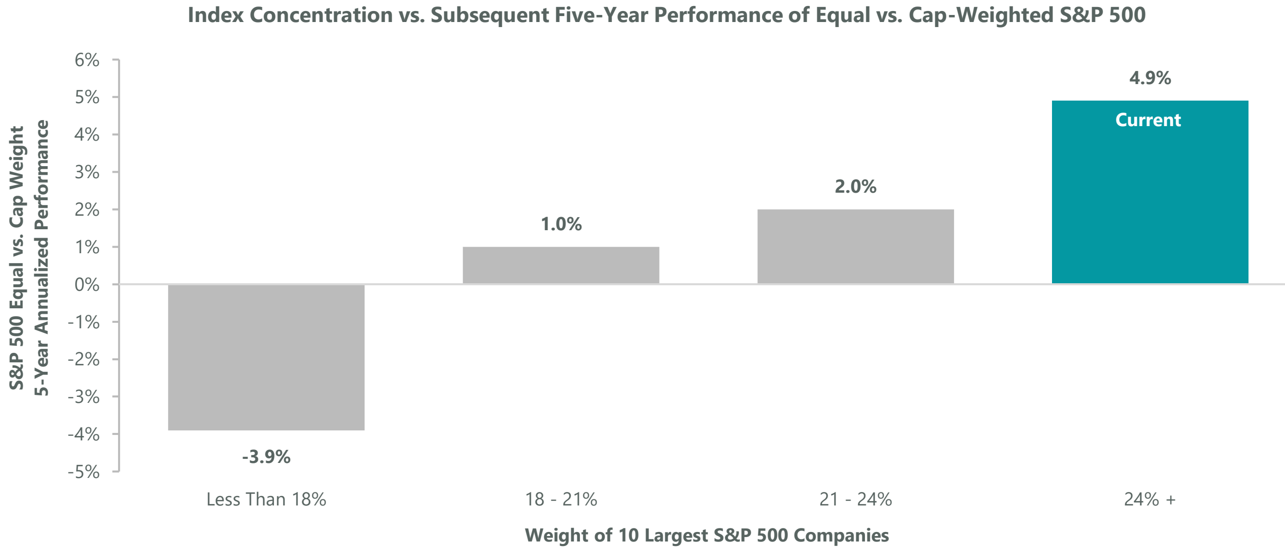
Trouble Concentrating?



▶ **The weight of the largest stocks in the benchmark is at record highs.**

Data as of Sept. 30, 2025. Sources: S&P, FactSet, and Bloomberg. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. For illustrative purposes only and not reflective of the performance or portfolio composition of any Franklin Templeton fund.

Concentration Leads to Broadening

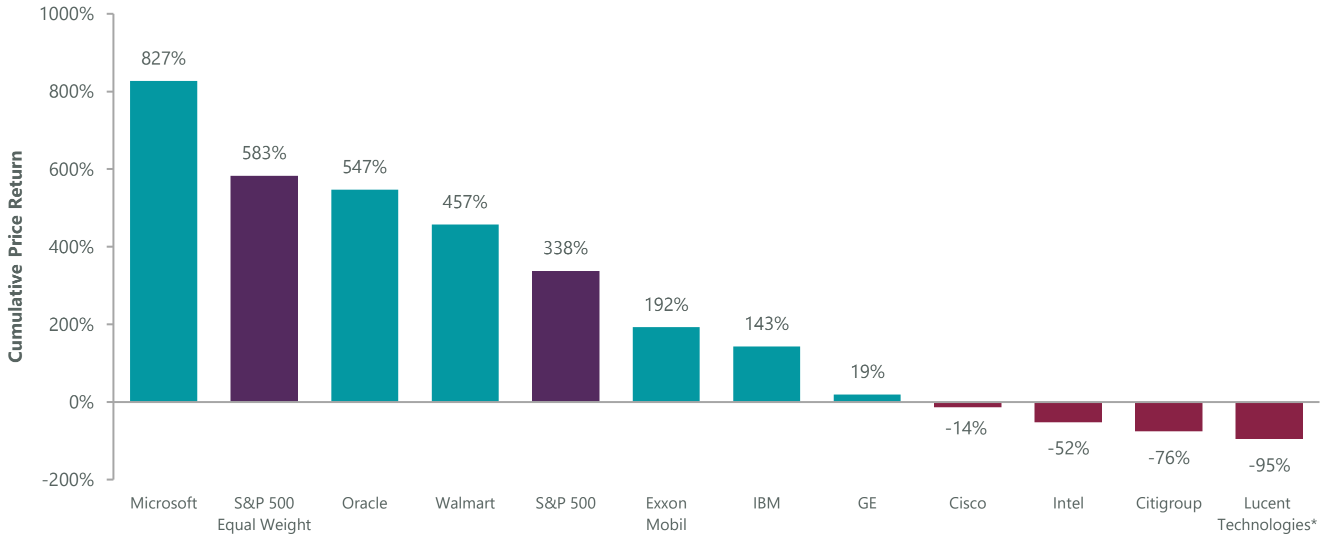


- **When the top 10 weights in the S&P 500 have historically accounted for over 24% of the benchmark, the equal-weight S&P 500 has outperformed its cap-weighted counterpart by an average of 4.9% (annualized) over the next five years.**
- **The top 10 weights in the S&P 500 currently make up 40% of the benchmark.**

ClearBridge

Data shown is from Dec. 1989 – Sept. 2025. Monthly constituent level market cap data. Data as of Sept. 30, 2025. Source: FactSet. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

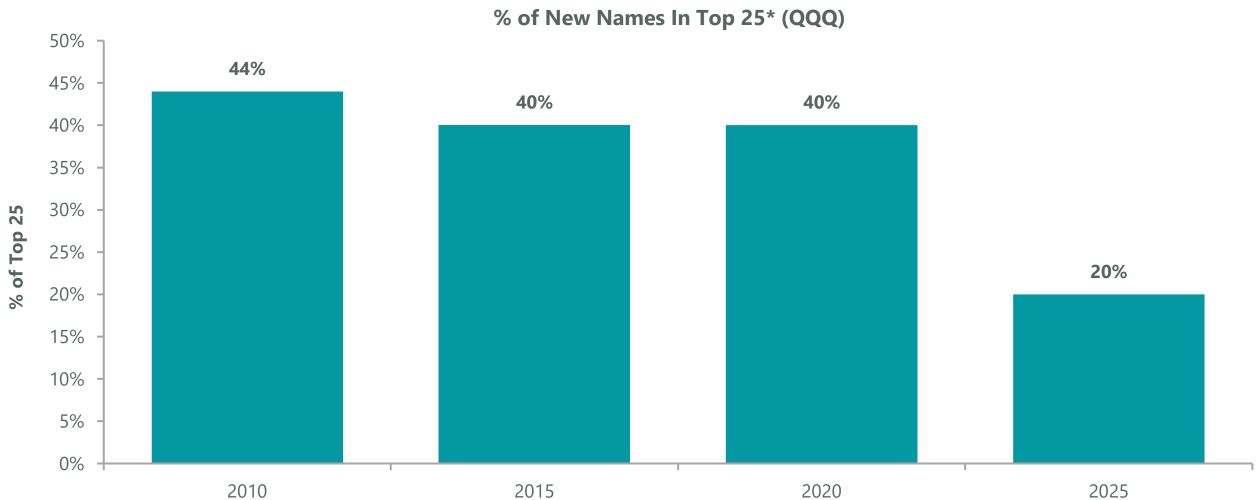
Where Are They Now: Dot-Com Darlings



- **Following the peak of the "dot-com" mania, the prospects of the 10 largest S&P 500 constituents have varied widely.**
- **We believe that a similar dynamic may play out in the coming years, presenting a potential opportunity for active managers.**

*Lucent Technologies was acquired by Alcatel in 2006, cumulative price return is calculated based on the final pre-merger trading day (11/30/2006). Note: data reflects period from March 2000 to present, as of Sept. 30, 2025. Sources: FactSet. S&P. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

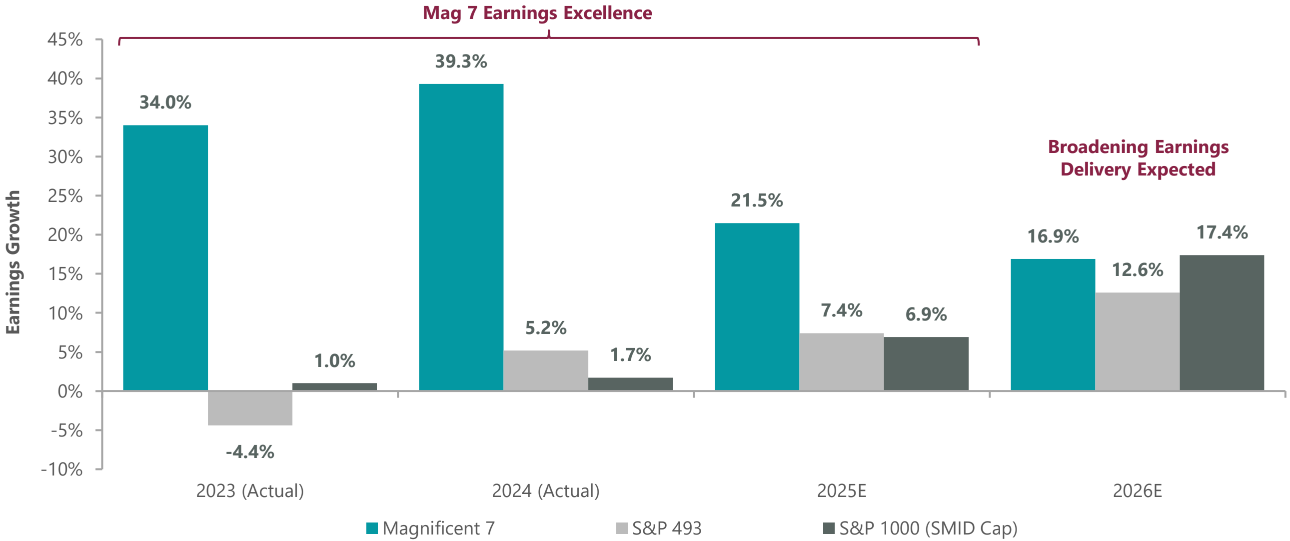
Could Low Turnover Turn?



- **Turnover among the top 25 names has plummeted over the past five years to half the level witnessed during the previous 15.**
- **We believe active managers could have a competitive advantage (over passive) in the coming years if mega-cap turnover normalizes to higher levels.**

Note: *Top 25 names in the QQQ by weight; turnover calculated over a 5-year window. QQQ is an ETF that tracks the Nasdaq 100 Index. Source: FactSet. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. ETFs trade like stocks, fluctuate in market value and may trade above or below the ETF's net asset value. Brokerage commissions and ETF expenses will reduce returns. ETF shares may be bought or sold throughout the day at their market price on the exchange on which they are listed. However, there can be no guarantee that an active trading market for ETF shares will be developed or maintained or that their listing will continue or remain unchanged. While the shares of ETFs are tradable on secondary markets, they may not readily trade in all market conditions and may trade at significant discounts in periods of market stress.

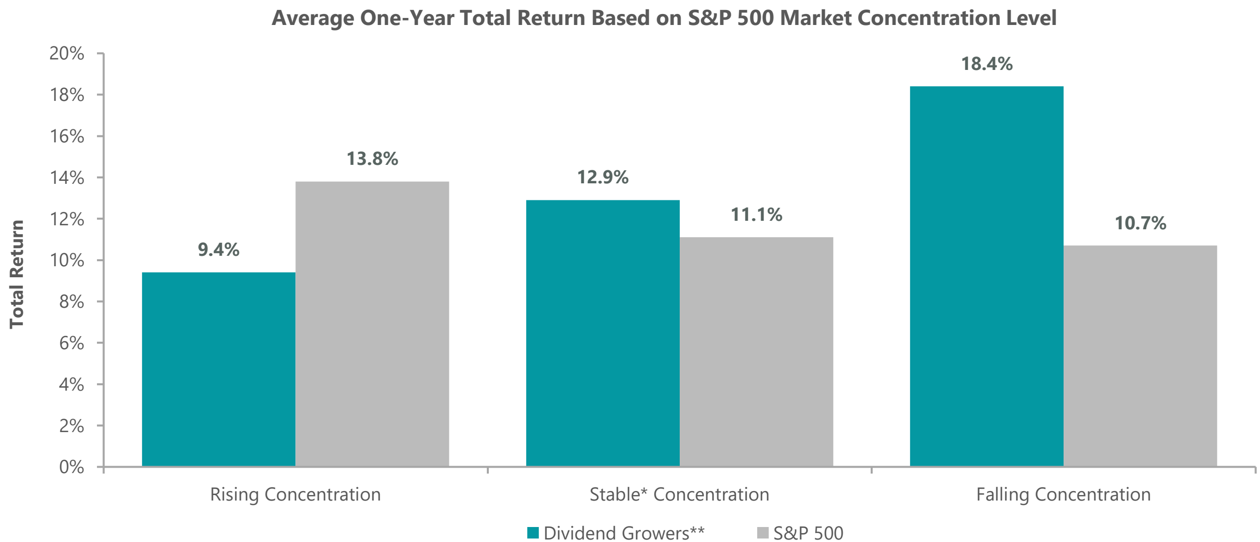
Closing the Gap



- **A key driver of the Magnificent 7 outperformance has been superior earnings growth.**
- **Bottom-up consensus expects this advantage to dissipate with broader earnings delivery across U.S. equities in 2026.**

The term "consensus" within the capital markets industry refers to the average of earnings estimates made by professionals. Magnificent 7 data refers to the following set of stocks: Microsoft (MSFT), Amazon (AMZN), Meta (META), Apple (AAPL), Google parent Alphabet (GOOGL), Nvidia (NVDA), and Tesla (TSLA). Data as of Sept. 30, 2025. Sources: FactSet, S&P. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. There is no assurance that any estimate, forecast or projection will be realized. Company references are used for illustrative purposes and should not be construed as an endorsement of sponsorship of Franklin Templeton companies. This information is not intended as an investment recommendation, nor does it constitute investment advice.

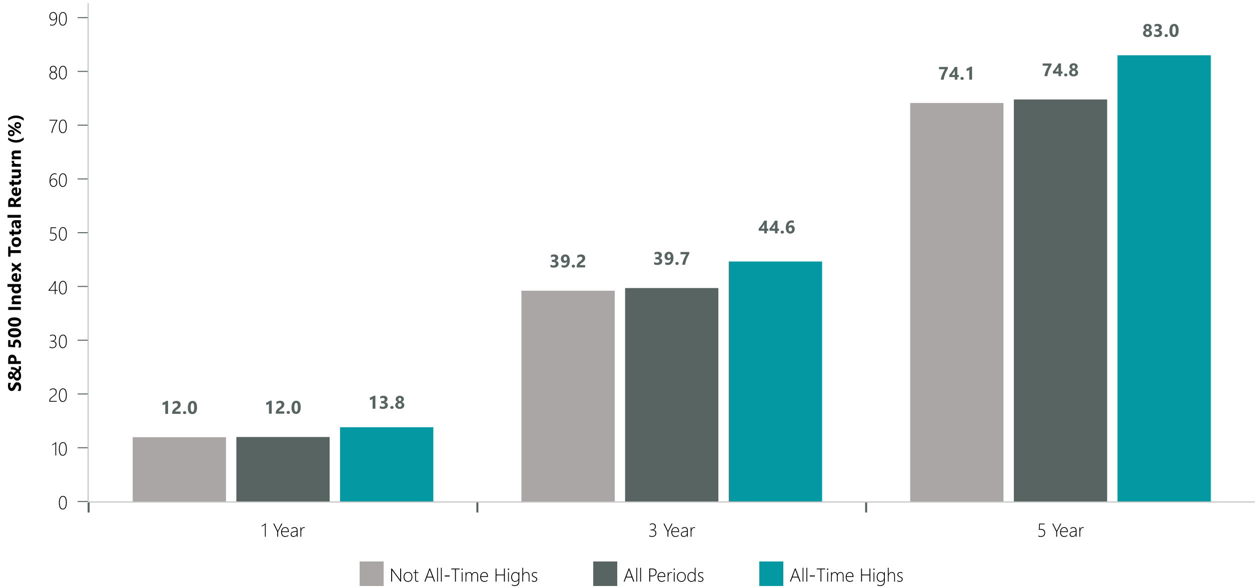
Losing Concentration? Focus on Dividend Growers



- **Companies that have demonstrated the ability to consistently increase their dividends have historically outperformed the benchmark during periods of stable and falling market concentration.**
- **With S&P 500 market concentration at historically elevated levels, we think dividend growers may be well-positioned over the next few years.**

*Stable concentration is based on YoY change of +/- 100 bps in combined weight of the ten largest S&P 500 companies, rising +100 bps or more, falling -100 bps or less.
Dividend Growers are S&P 500 stocks with three consecutive trailing years of positive dividend growth (inclusive of special dividends) on a rolling basis (quarterly), evaluated monthly, equal weighted. Data shown is from Jan. 1994 – Sept. 2025. Sources: Bloomberg, S&P, FactSet. **Past performance is not a guarantee of future results. Dividends may fluctuate and are not guaranteed, and a company may reduce or eliminate its dividend at any time. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

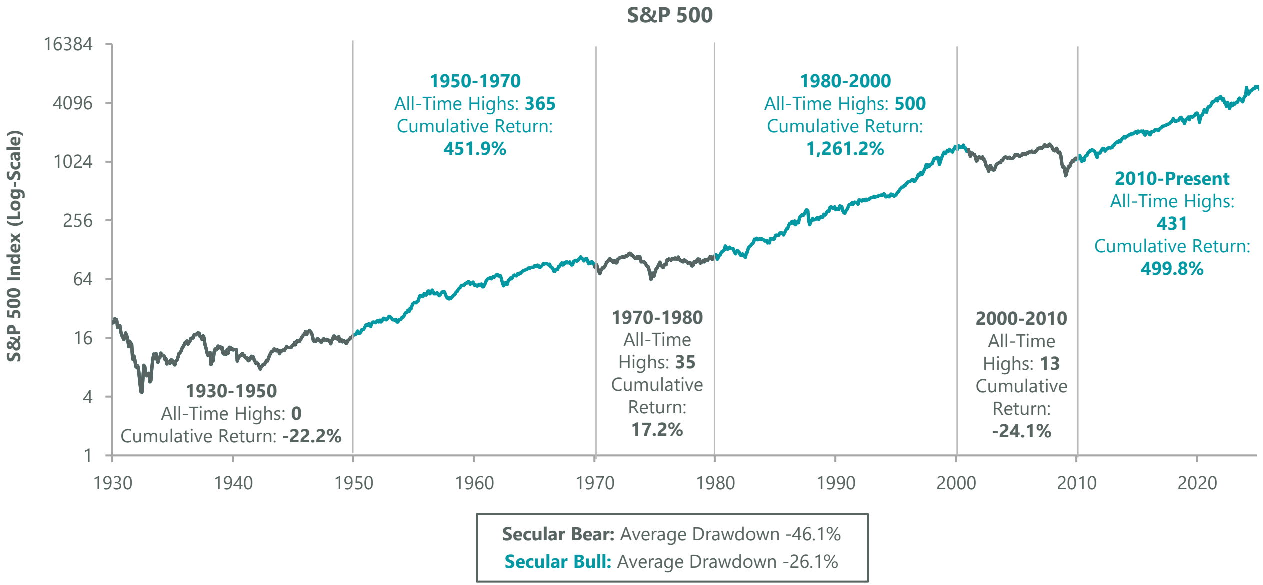
Don’t Be Afraid of All-Time Highs



- **Surprisingly, putting money to work at All-Time Highs has historically outperformed deploying capital when the benchmark is below peak, on average.**

Data from Sept. 1989 – present, as of Oct. 10, 2025. Sources: S&P Global, Macrobond. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

New Secular Bull Market?



- **In the 12 months following an all-time high, stocks have historically been up 8.5% on average with positive returns 71% of the time.**

Secular bear market average drawdown includes selloff beginning September 1929. Data as of Sept. 30, 2025. Sources: Bloomberg, FactSet, S&P.
Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Economic and Market Summary

Fourth Quarter 2025

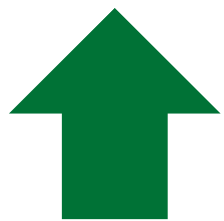
U.S. Economic Outlook

- The labor market shifted into a lower gear during the third quarter on the back of trade policy uncertainty and reduced immigration, but consensus expectations are for a pickup next year.
- Fiscal and monetary support should provide the foundation for the economy to re-accelerate into 2026.
- The overall signal from the ClearBridge Recession Risk Dashboard remains in green “expansion” territory.

U.S. Market Outlook

- The S&P 500 has continued to march higher with earnings expectations inflecting higher during 3Q.
- Although U.S. equities may need a period of digestion following a robust rally off the April lows, historical rallies of similar magnitude and duration have given way to continued upside over the subsequent 12 months.
- Market leadership has been a tug-of-war in 2025 from a regional and style perspective. We believe this dynamic may continue before giving way to a period of international and value outperformance.

Recession Dashboard Overall Signal



Expansion

As of Sept. 30, 2025. All opinions and data included in this commentary are as of the publication date and are subject to change. The opinions and views expressed herein are of the author and may differ from other portfolio managers or the firm as a whole and are not intended to be a forecast of future events, a guarantee of future results or investment advice. This information should not be used as the sole basis to make any investment decision.

One-Year Outlook

Themes That May Drive the Market Over the Next 12 Months

Fixed Income

Fundamentals

Market Leadership

Non-U.S.

Investor Pitfalls

Fixed Income

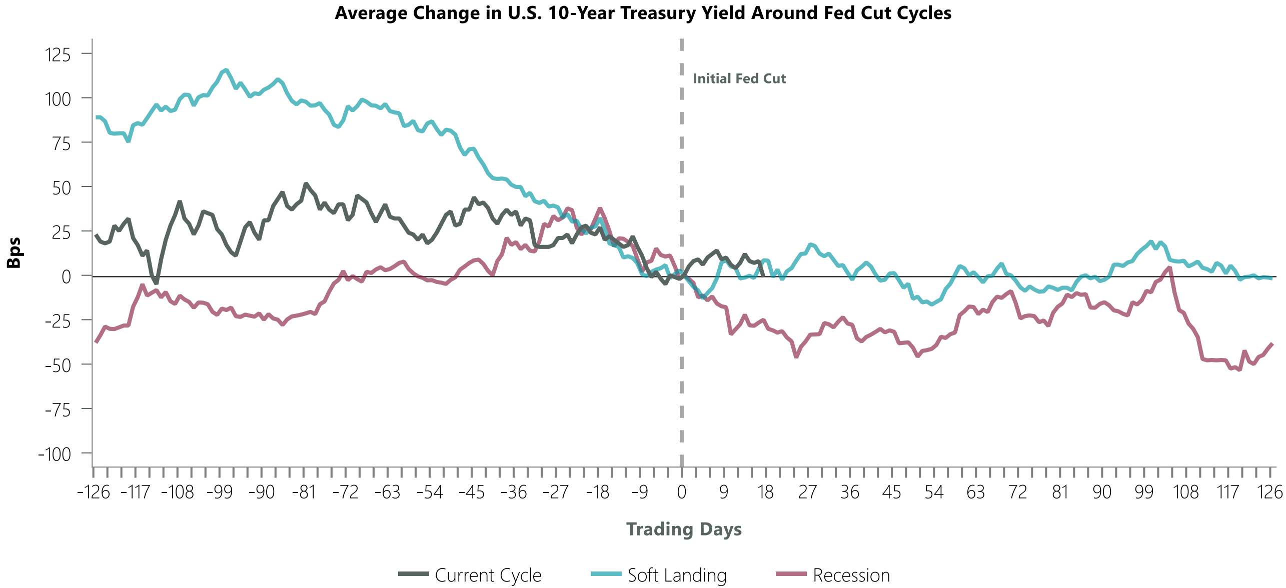
Bond Leadership Following the Cut

Initial Rate Cut	Economic Outcome	Subsequent 12-Month Return: Cash (3M T-Bills)	Short-Term Bonds	U.S. Treasury Bonds	Core/Core Plus Bonds	Investment-Grade Corporate Bonds	High Yield Bonds
Apr. 1980	Recession	13.5%	15.1%	13.1%	13.0%	13.2%	-
June 1981	Recession	15.9%	16.9%	15.2%	14.9%	14.6%	-
Oct. 1984	Soft Landing	8.9%	16.4%	20.6%	22.0%	23.8%	22.7%
June 1989	Recession	8.7%	9.3%	8.7%	9.4%	9.2%	-2.6%
July 1995	Soft Landing	5.5%	5.5%	2.8%	3.3%	3.0%	9.7%
Sept. 1998	Soft Landing	4.7%	3.6%	-1.1%	0.3%	-0.6%	3.5%
Jan. 2001	Recession	4.4%	8.0%	4.9%	7.0%	8.8%	5.1%
Sept. 2007	Recession	3.2%	5.9%	10.6%	6.0%	-1.7%	-4.7%
July 2019	Recession	1.5%	4.4%	12.0%	10.2%	12.6%	4.0%
Sept. 2024	Soft Landing	4.4%	4.2%	1.7%	2.6%	3.5%	7.9%
Average		7.1%	8.9%	8.9%	8.9%	8.6%	**5.7%**
Recessionary Average		7.8%	9.9%	**10.8%**	10.1%	9.5%	**0.5%**
Soft Landing Average		**5.9%**	7.4%	6.0%	7.1%	7.4%	**11.0%**

- **Following historical soft-landing cutting cycles, investors have been rewarded by taking on credit risk whereas Treasuries have fared best during recessions.**

Note: rate-cut cycles of at least 75 bps. Short-Term Bonds represented by the Bloomberg 1-3 Yr US Gov/Credit Total Return Index, U.S. Treasury Bonds represented by the Bloomberg US Treasury Total Return Unhedged USD, Core/Core Plus Bonds represented by the Bloomberg US Agg Total Return Value Unhedged Index, Investment-Grade Corporate Bonds represented by the Bloomberg US Corporate Total Return Value Unhedged Index, High Yield Bonds represented by the Bloomberg US Corporate High-Yield Total Return Index Value Unhedged USD Index. Sources: FactSet, Bloomberg, ICE, NBER. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. For illustrative purposes only and not reflective of the performance or portfolio composition of any Franklin Templeton fund.

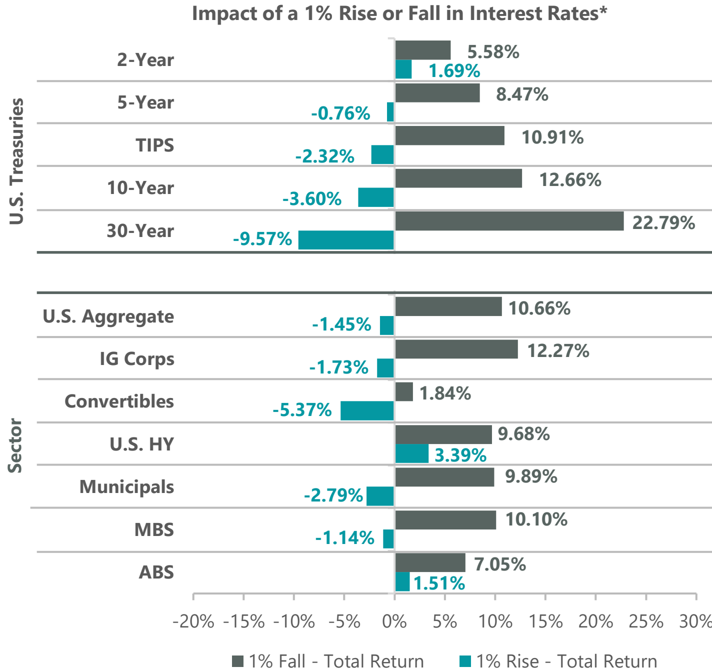
Fed Cuts, Now What?



- **Long bond yields typically drop ahead of an initial Fed cut, with soft-landing cycles seeing larger declines.**
- **Once a cutting cycle is under way, 10-year yields tend to stabilize as soft landings play out, but continue to drop during recessions.**

Note: Rate-cut cycles of at least 75 bps. Data as of Oct. 10, 2025. Sources: U.S. Department of Treasury, Bloomberg, NBER, Macrobond. **Past performance is not a guarantee of future results.**

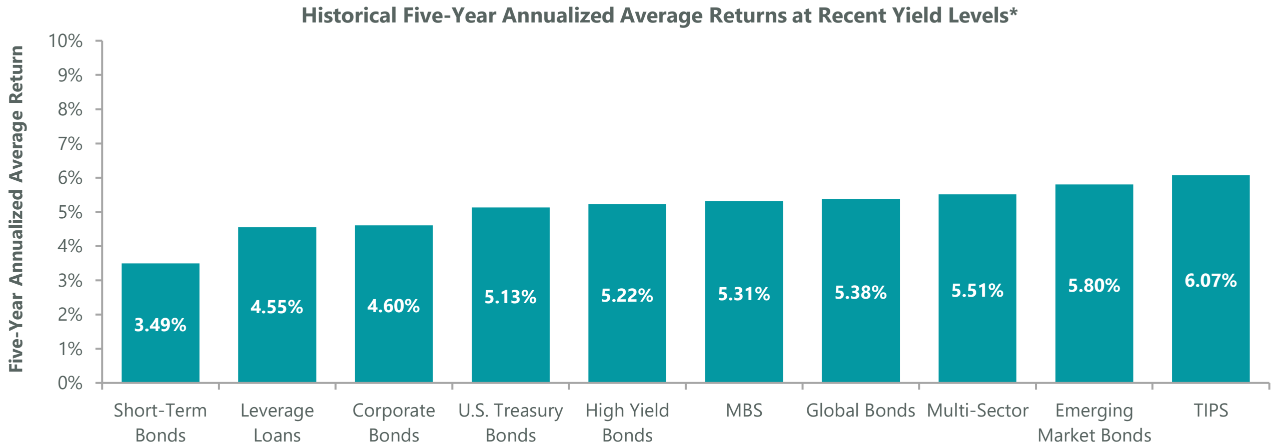
Interest Rate Impact by Asset Class



		15-Year Correlation to 10-Year Treasuries	15-Year Correlation to S&P 500
U.S. Treasuries	2-Year	0.77	0.01
	5-Year	0.94	0.01
	TIPS	0.74	0.36
	10-Year	1.00	-0.03
	30-Year	0.93	-0.06
Sector	U.S. Aggregate	0.91	0.28
	IG Corps	0.70	0.50
	Convertibles	-0.01	0.83
	U.S. HY	0.12	0.79
	Municipals	0.73	0.30
	MBS	0.83	0.29
	ABS	0.74	0.19

*Total return, assumes a parallel shift in the yield curve. Data as of Sept. 30, 2025. Sources: Bloomberg, ICE, Credit Suisse, S&P, Morningstar Direct. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Recent Yields Offer Attractive Return Potential



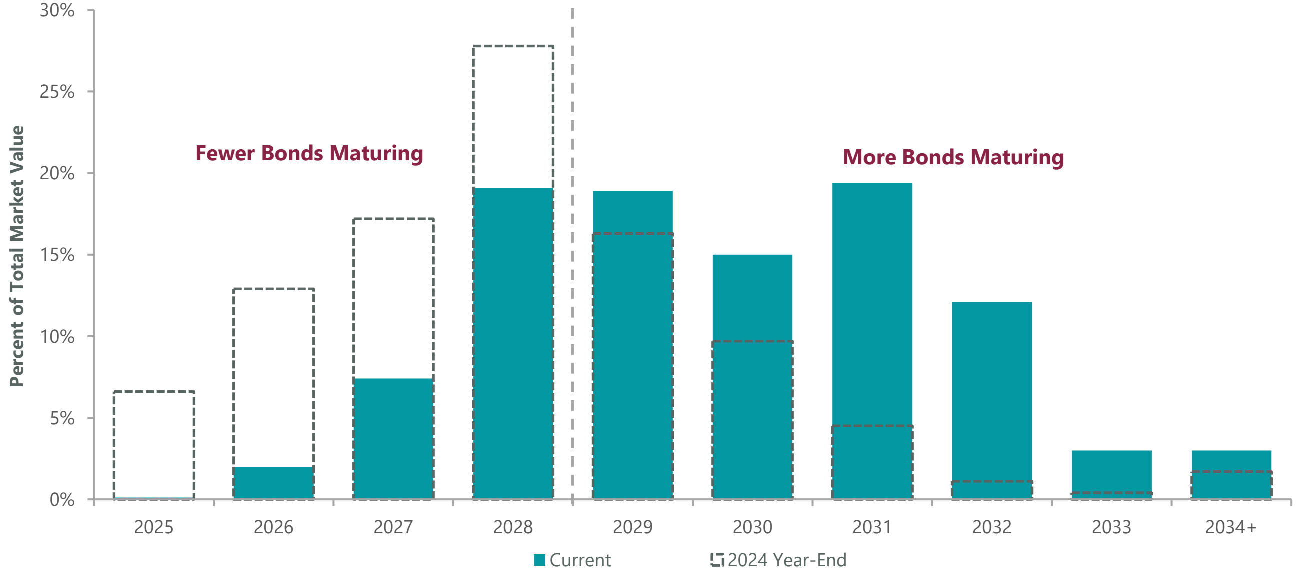
Current Yield	3.77%	8.00%	4.81%	3.94%	6.70%	4.74%	3.48%	3.69%	6.01%	4.08%

- **Following the strongest tightening cycle in 40 years, bond yields have risen to levels that have historically offered attractive five-year returns.**

*Returns represent the average five-year annualized return between Jan. 29, 1999 and Sept. 30, 2025 when the current yield was within 50 bps on Sept. 30, 2025 for each fixed income sector. Short-Term Bonds: Bloomberg 1-3 Yr US Gov/Credit Total Return Index, Leverage Loans: Credit Suisse Leveraged Loan Total Return, Corporate Bonds: US Corporate Total Return Value Unhedged Index, U.S. Treasury Bonds: Bloomberg US Treasury Total Return Unhedged USD, High Yield Bonds: Bloomberg US Corporate High-Yield Total Return Index Value Unhedged USD Index, MBS: Bloomberg US MBS Index Total Return Value Unhedged USD, Global Bonds: Bloomberg Global-Aggregate Total Return Index Value Unhedged USD, Multi-Sector Bonds: Bloomberg Multiverse Total Return Index Value Unhedged USD Index, Emerging Market Bonds: Bloomberg EM USD Aggregate Total Return Index Value Unhedged, TIPS: Bloomberg US Treasury Inflation Notes TR Index Value Unhedged USD. As of Sept. 30, 2025. Sources: Bloomberg, Credit Suisse. **Past performance does not guarantee future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. For illustrative purposes only and not reflective of the performance or portfolio composition of any Franklin Templeton fund.

One Less Brick In The Wall

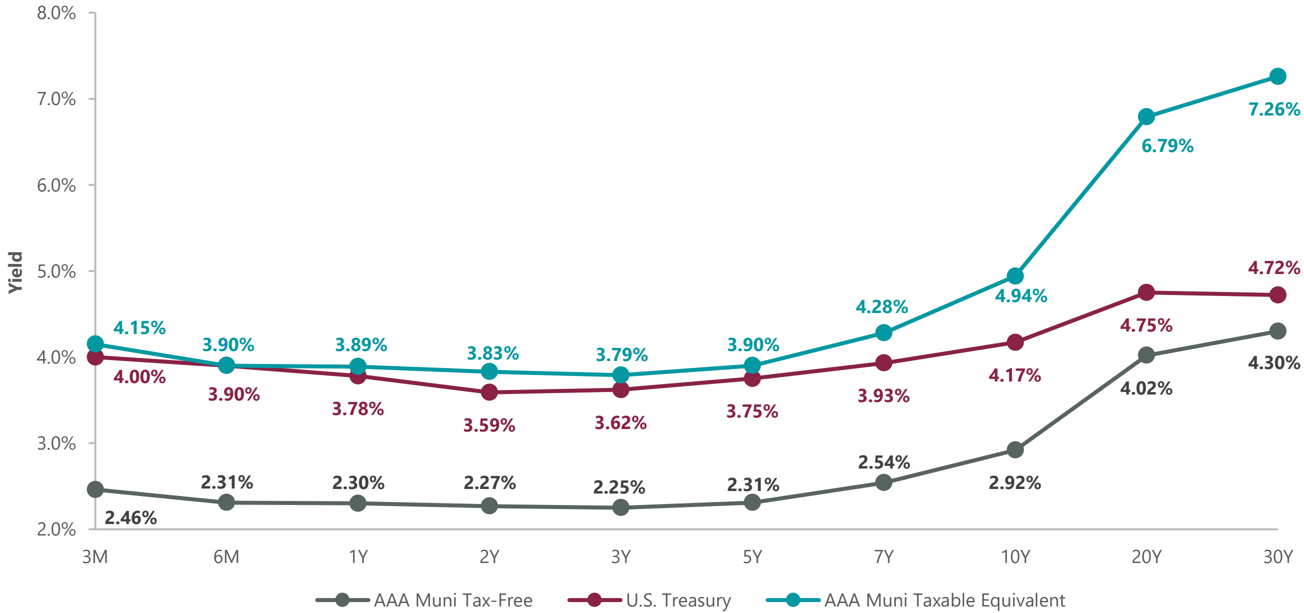
High Yield Debt Maturity Schedule*



- **Companies with sub-investment-grade ratings have taken advantage of ample liquidity in recent years and termed out their debt, meaningfully reducing rollover risk.**

*The chart represents the amount of high-yield debt maturing as a percent of total outstanding high-yield debt by calendar year for the ICE BofA ML U.S. High Yield Index. Maturities shown are from 2025 through 2034+. As of Aug. 31, 2025, latest available as of Sept. 30, 2025. Sources: ICE, Bank of America Merrill Lynch Global Research. Due to rounding, figures may not total 100%. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

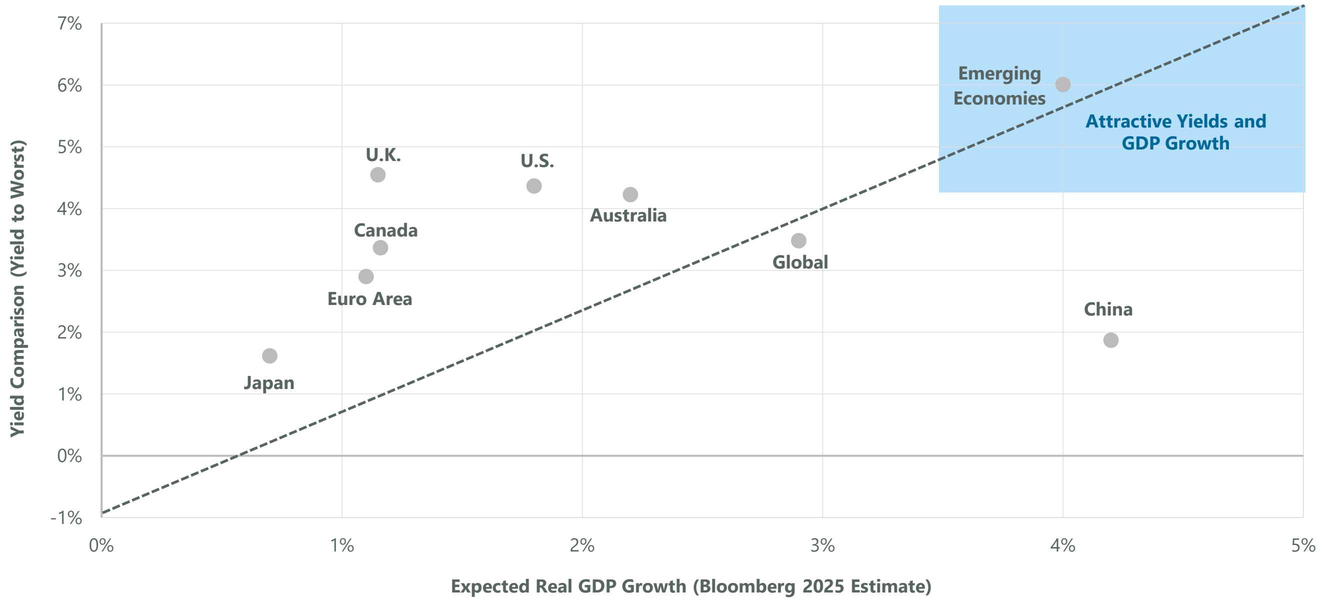
Munis Attractive After Tax



- **With the recent rise in interest rates, high-quality municipal bonds now offer attractive yields on an after-tax basis compared with U.S. Treasuries.**

Note: Taxable Equivalent assumes highest U.S. marginal tax rate. As of Sept. 30, 2025. Source: Bloomberg. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

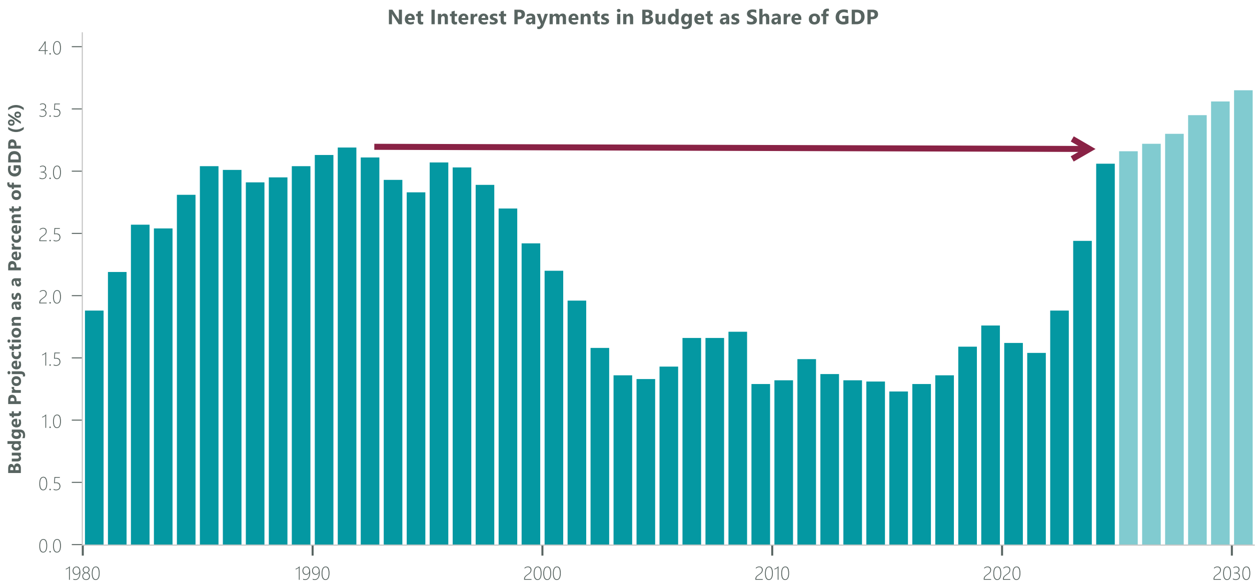
Emerging Markets: A Dual Threat



- Consensus estimates call for emerging markets to see strong GDP growth in 2025.
- Emerging markets also currently boast the highest yields globally, a potentially attractive combination for long-term investors.

As of Sept. 30, 2025. Source: Bloomberg. The Bloomberg 2025 estimate represents the consensus average year-over-year GDP growth. There is no assurance that any estimate, forecast or projection will be realized. **Past performance is not a guarantee of future results.**

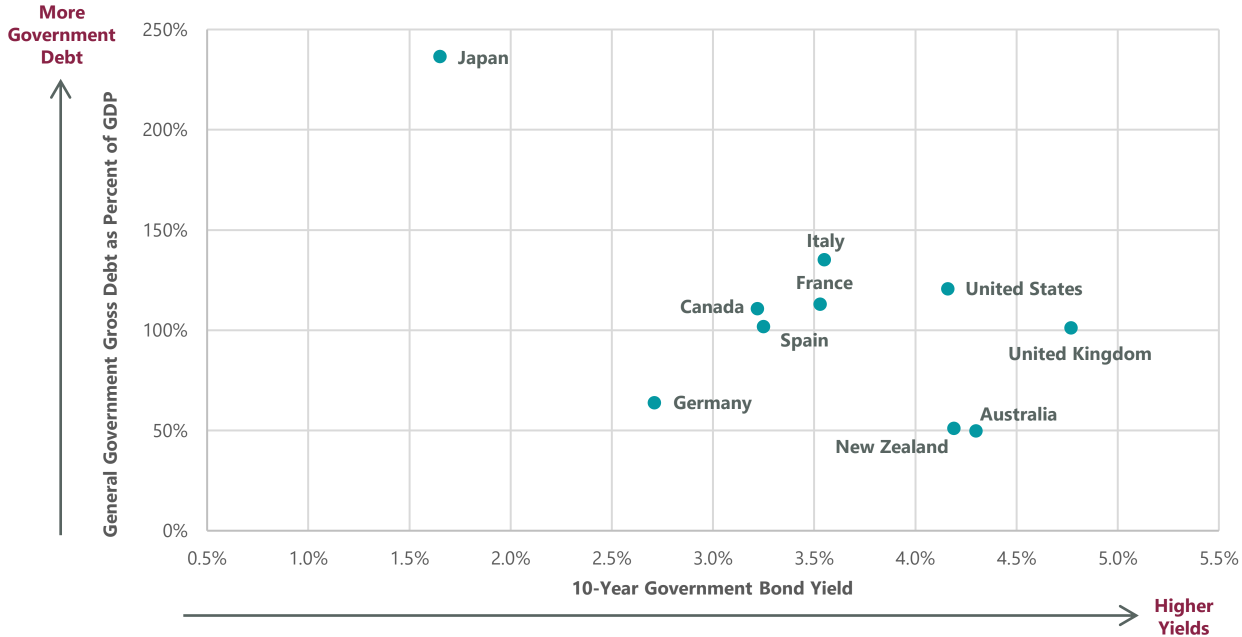
When Will U.S. Debt Be An Issue?



- Despite a dramatic increase in government debt outstanding since the Global Financial Crisis (GFC), total debt servicing costs as a percent of GDP declined due to falling rates.
- Current CBO projections show the interest burden returning to early 1990s levels over the next couple of years.

Data as of Jan. 17, 2025, latest available as of Sept. 30, 2025. Sources: U.S. Congressional Budget Office (CBO), Macrobond. There is no assurance that any estimate, forecast or projection will be realized.

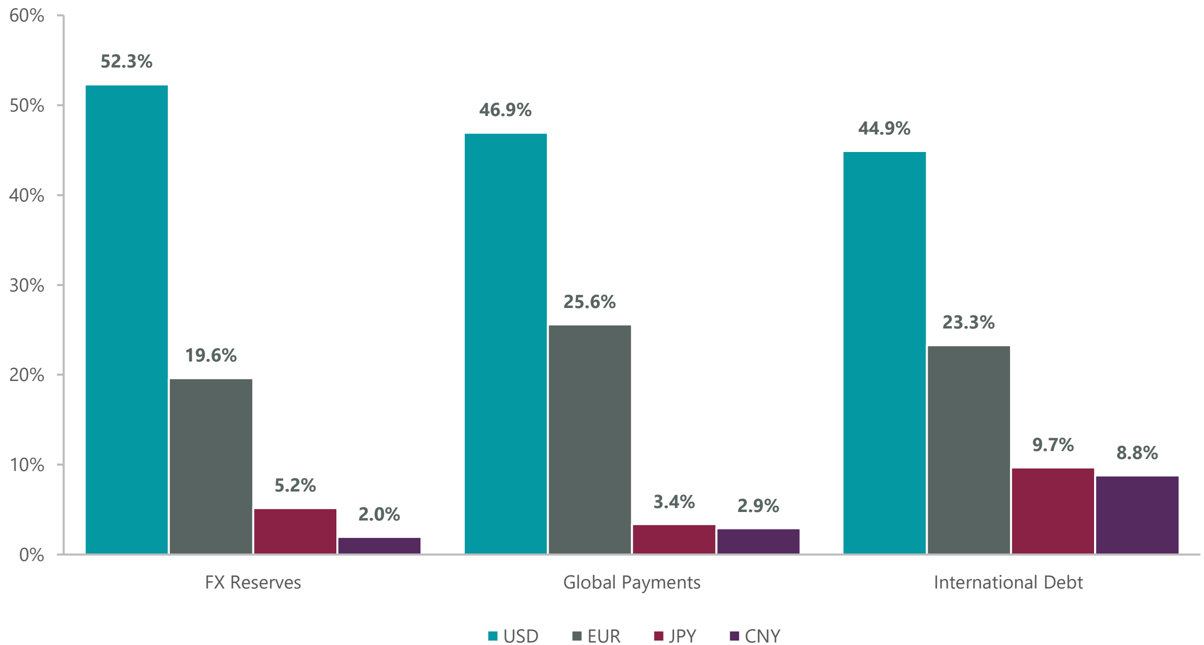
Debt Doesn't Determine Yield



- **Contrary to popular belief, higher government debt loads do not translate to higher yields on long-term government debt.**

Data as of Sept. 30, 2025. Sources: IMF World Economic Outlook Database October 2024, Federal Reserve, Reserve Bank of New Zealand, Macrobond. **Past performance is not a guarantee of future results.**

U.S. Dollar (Still) Dominates

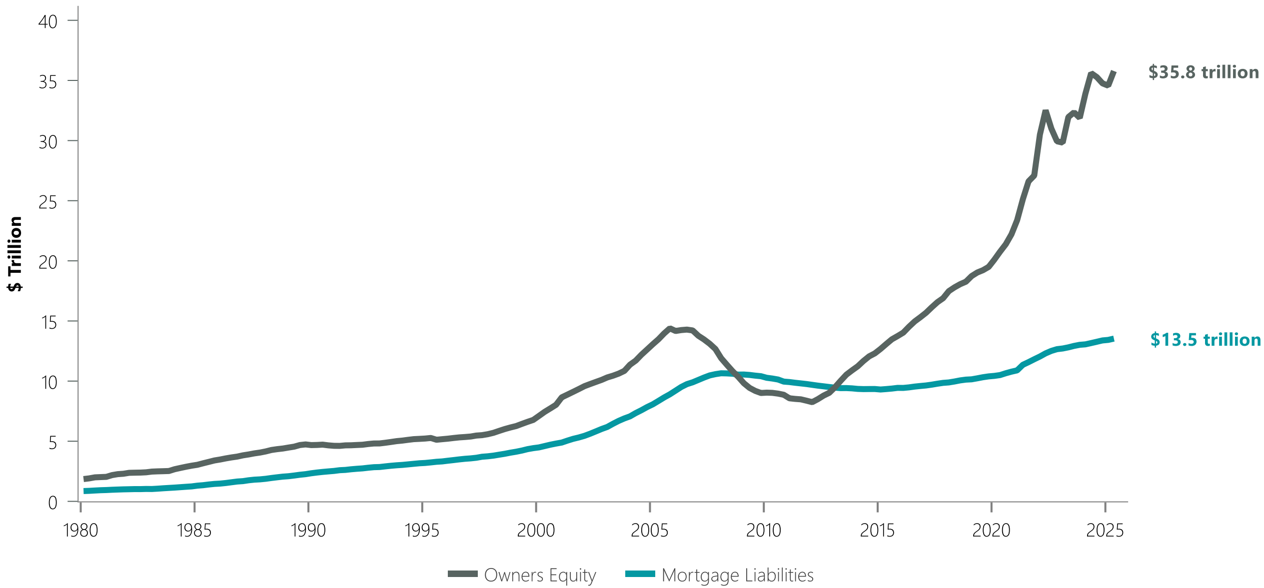


▶ **The greenback remains firmly entrenched as the world's reserve currency despite recent concerns.**

Data as of Sept. 30, 2025. International Debt represented by the Bloomberg Global Aggregate benchmark. Sources: Bloomberg, SWIFT, International Monetary Fund (IMF), Macrobond.

Fundamentals

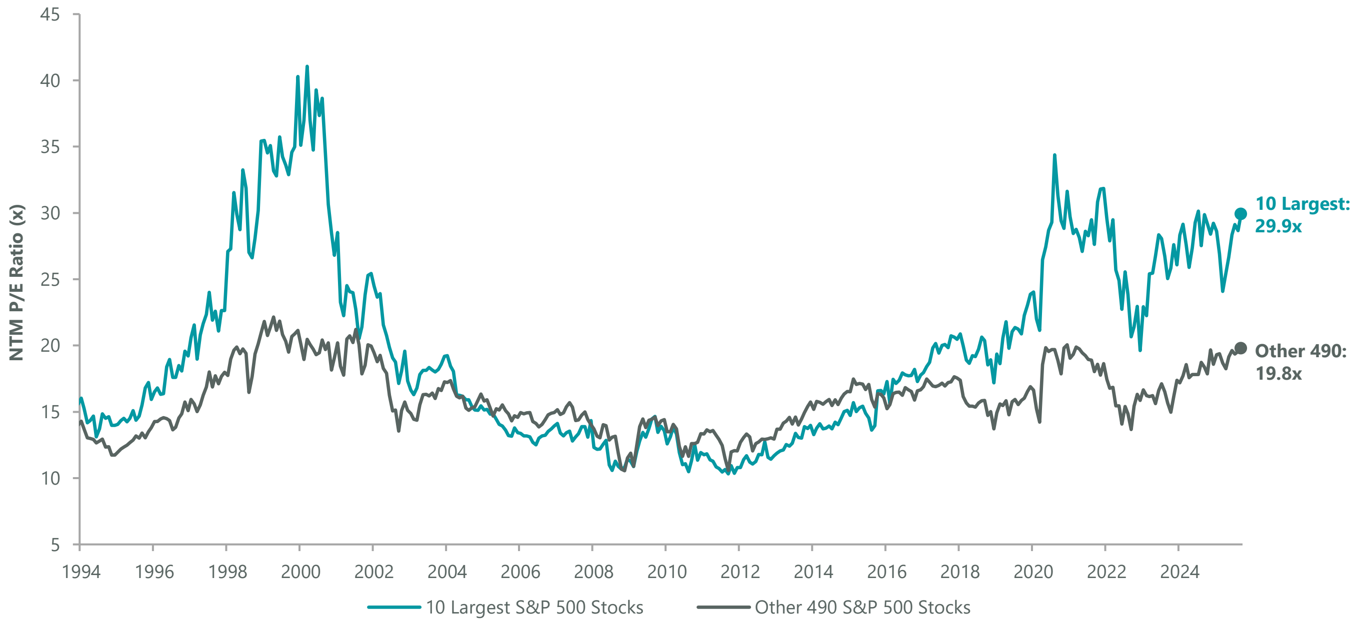
Home Equity Boom



- **Homeowner wealth has improved dramatically over the past decade, with accumulated equity surpassing $35 trillion.**
- **With collective mortgage liabilities totaling just $13.5 trillion, consumers appear to have ample room to tap Home Equity Lines of Credit (HELOC) as source of funds.**

Data as of Sept. 11, 2025, latest available as of Sept. 30, 2025. Sources: Federal Reserve, Macrobond. **Past performance is not a guarantee of future results.**

Largest Stocks Distorting Valuations

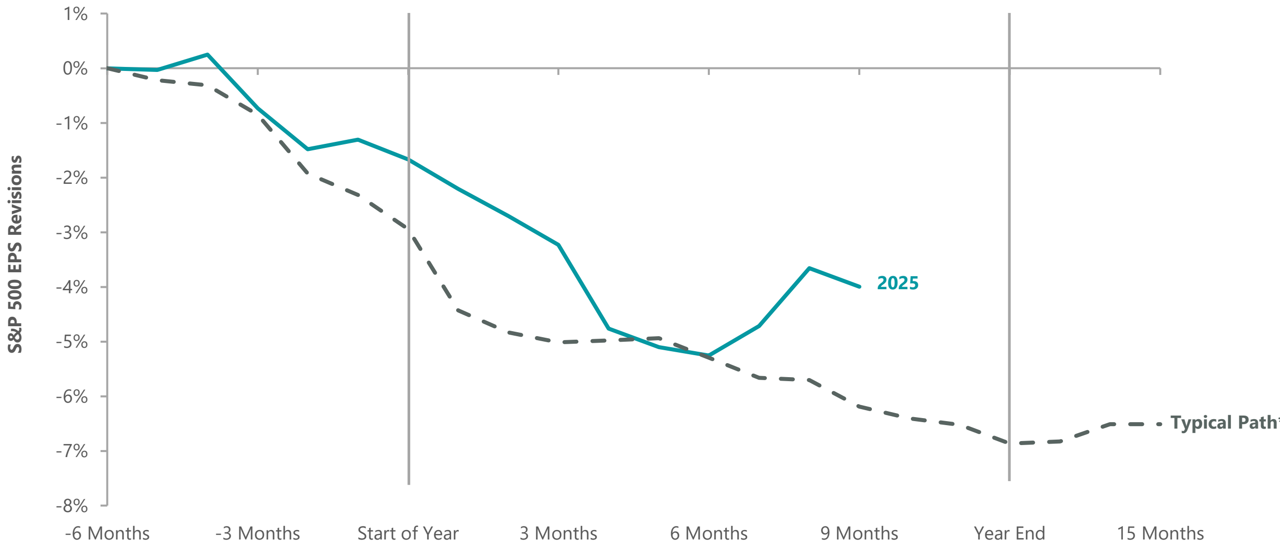


- **The largest stocks in the S&P 500 trade at a significant premium to the rest of the benchmark (other 490).**

ClearBridge

NTM = Next 12 Months. Data as of Sept. 30, 2025. Sources: FactSet. S&P. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

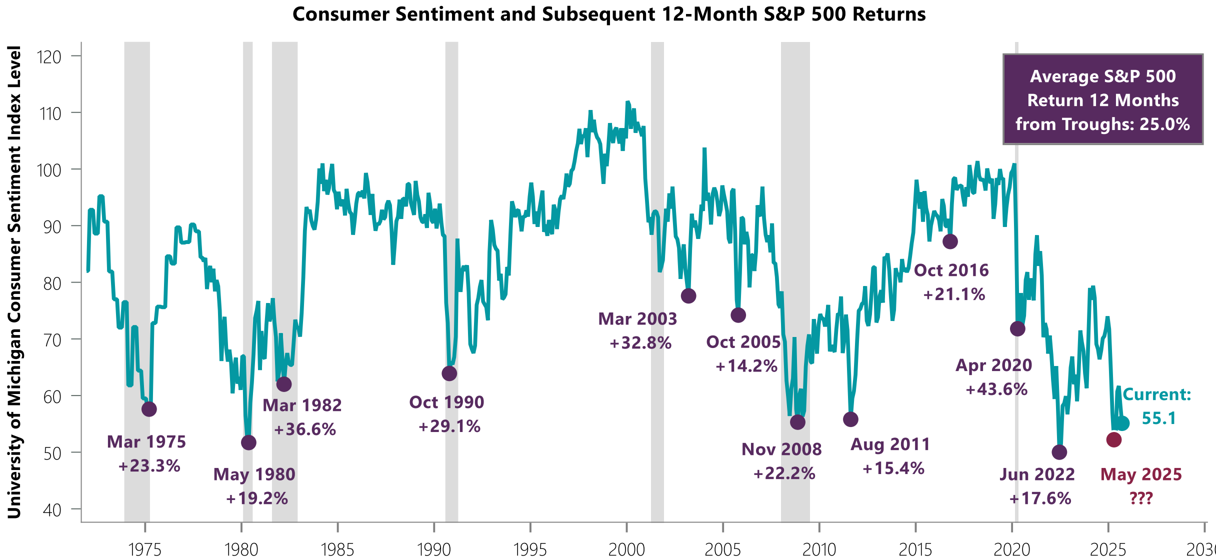
EPS Revisions Resilient



- **Earnings estimates typically fall coming into the year and drift lower as rosy forecasts meet a harsher reality.**
- **Expectations for 2025 have turned higher, providing support to the market rally.**

*Typical Path is 2012-2017, 2019, and 2022-2024; 2018 is excluded due to TCJA (Tax Cuts and Jobs Act) distortion; 2020-2021 is excluded due to COVID-19 pandemic distortion; Percent change in $ EPS expectations. Data as of Sept. 30, 2025. Sources: FactSet, S&P. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

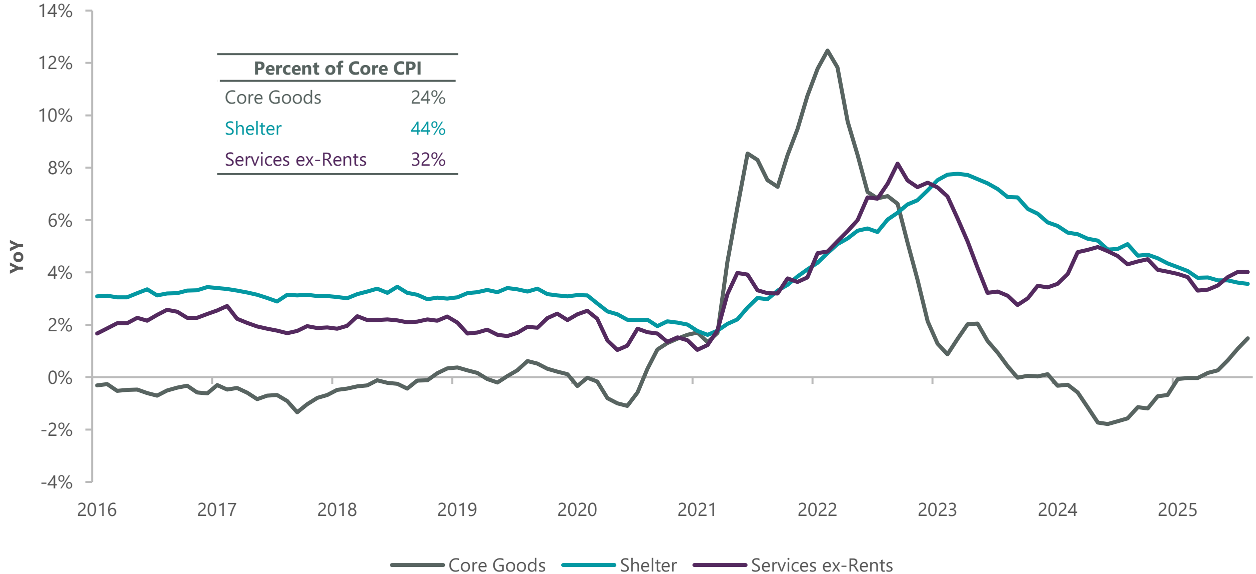
Consumer Confidence: The Contra-Indicator



- **Consumer sentiment has historically been a contra-indicator for equity investors when hitting extreme levels.**
- **If this historical relationship holds, the May lows may be consistent with an attractive entry point for long-term equity investors.**

Gray shading reflects recessionary periods. Data as of Sept. 30, 2025. Sources: University of Michigan, S&P Global, NBER, Macrobond. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

What's Driving Inflation



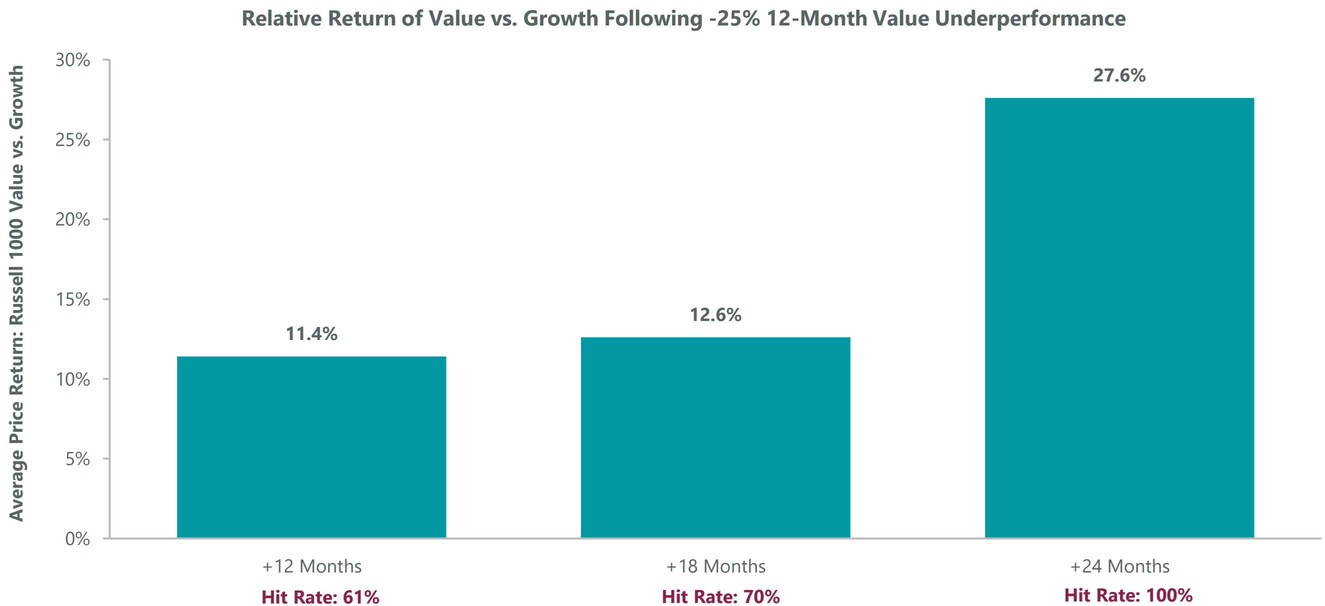
- **Core goods inflation has been moving higher over the past year and is likely to continue rising given the shift in U.S. trade policy.**
- **While overall inflation is likely to rise, continued normalization in shelter and services ex-rents prices should help keep the core Consumer Price Index (CPI) from running away to the upside.**

Data as of Aug. 31, 2025, latest available as of Sept. 30, 2025. Sources: FactSet, BLS. **Past performance is not a guarantee of future results.**

FRANKLIN TEMPLETON

Market Leadership

Value, Down But Not Out

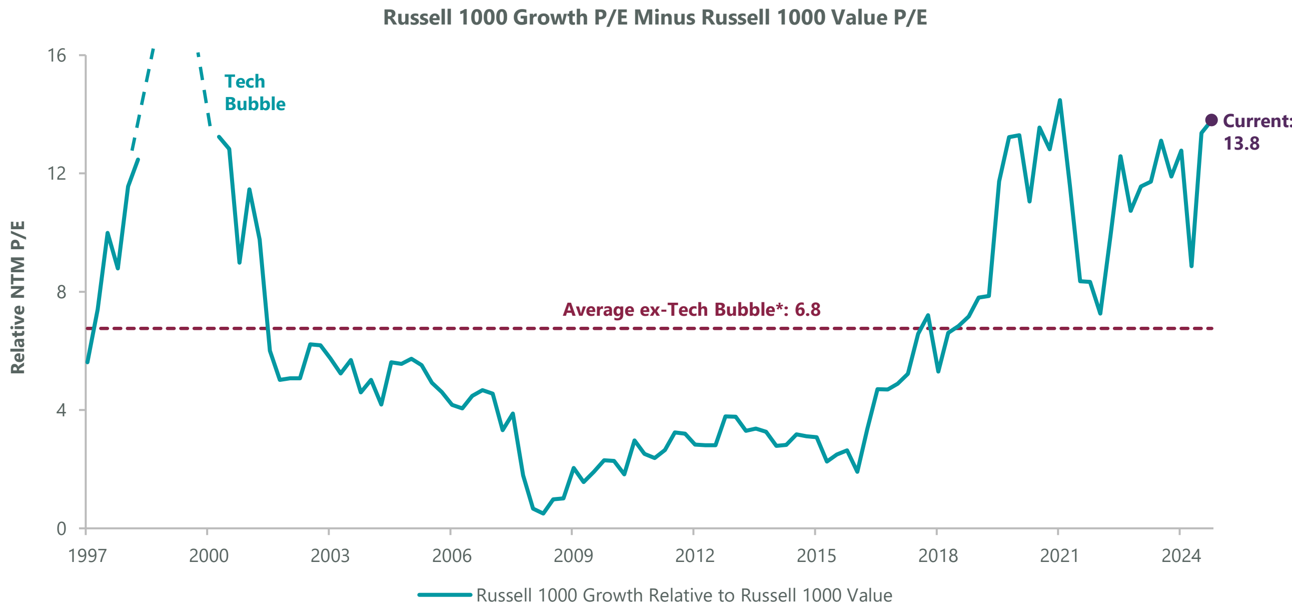


- **Value has historically recovered following periods of sizeable (-25%) underperformance vs. Growth. This threshold was triggered during 1Q25.**

ClearBridge

Russell 1000 Growth, Russell 1000 Value, reflective of period from 1979 – present, as of Sept. 30, 2025. Sources: FactSet, Russell. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

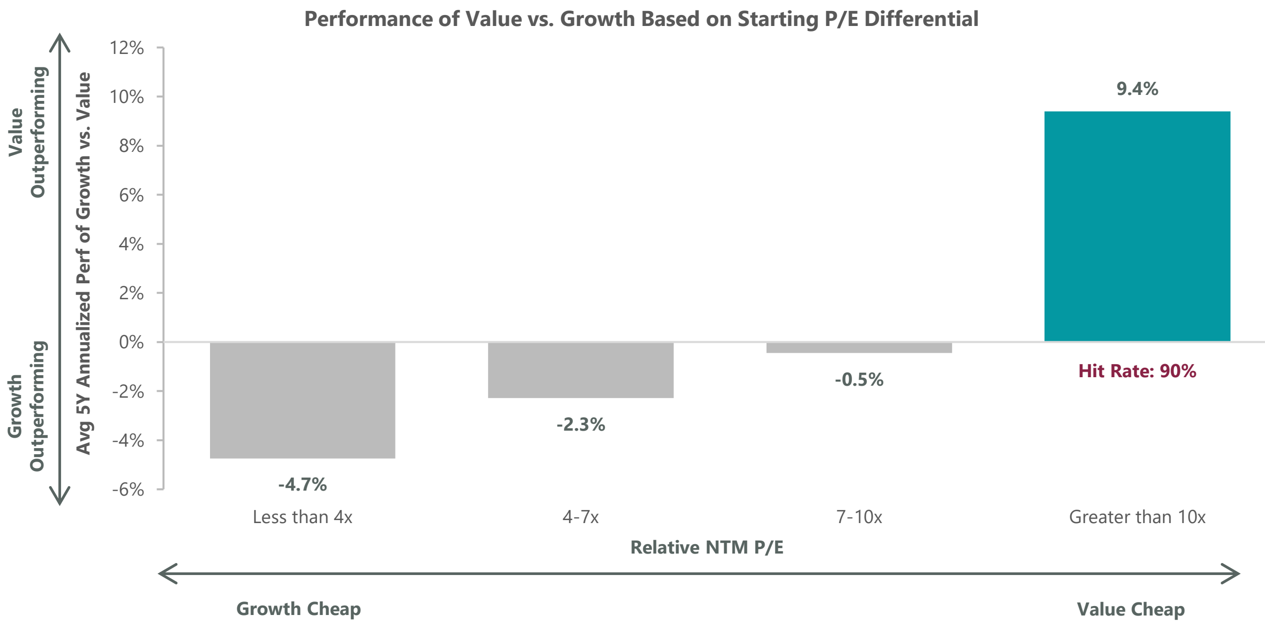
Value Not Yet Expensive



- **Value vs. Growth leadership and valuation have been in a tug-of-war over the past several years, with Growth recently regaining the upper hand.**

Note: Price Return. NTM = Next 12 Months. *The Tech Bubble period removed from the chart is from June 30, 1999 through Dec. 31, 2000. Data as of Sept. 30, 2025. Sources: FactSet, Russell. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

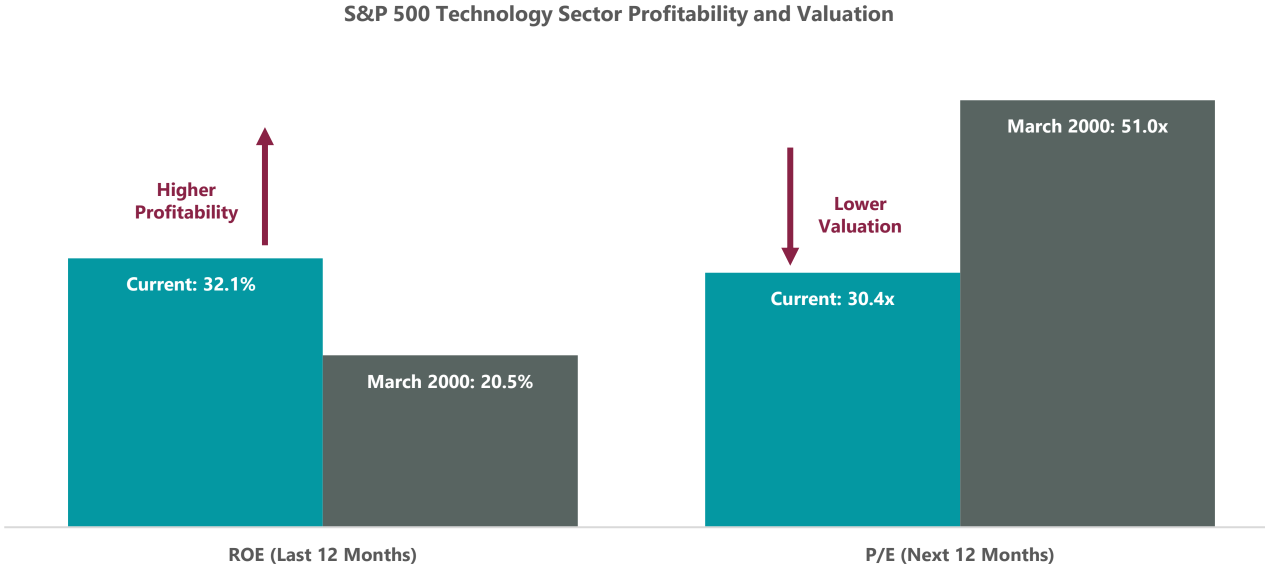
The Value Proposition



- **Value has historically outperformed Growth by a healthy margin when the valuation gap (P/E differential) is above 10x. The valuation gap is currently 13.8x.**

Russell 1000 Growth, Russell 1000 Value, 1997-Present. Data as Sept. 30, 2025. Sources: FactSet, Russell. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. **Past performance is not a guarantee of future results.**

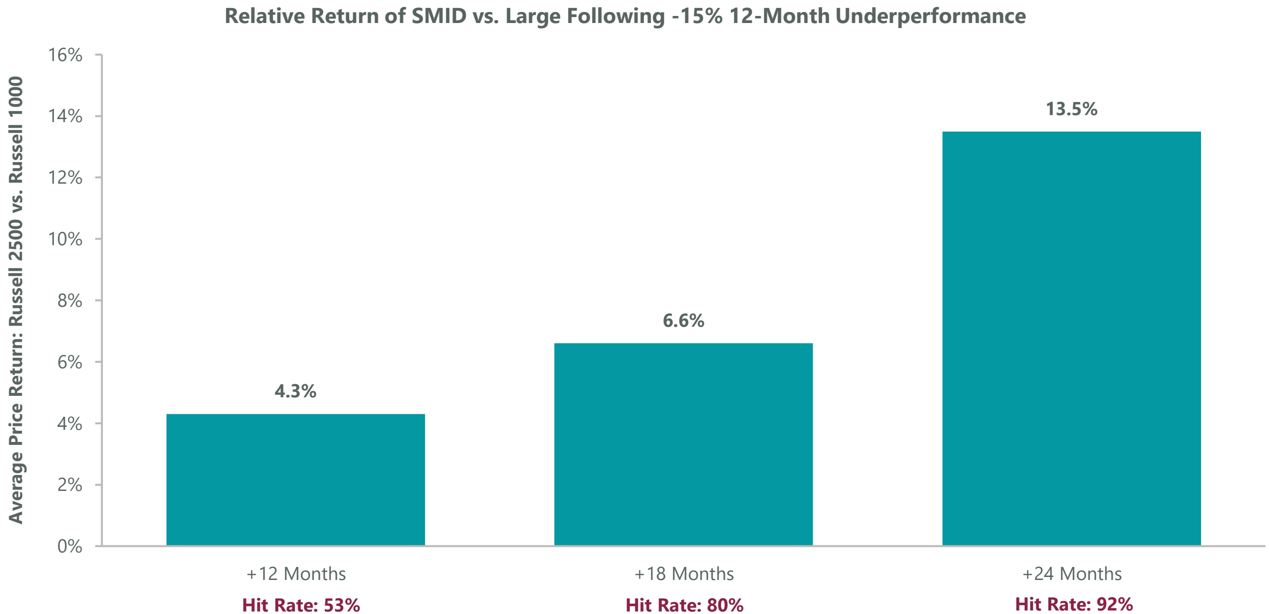
Not the Dot Com



- **Although valuations for AI beneficiaries have expanded rapidly, the technology sector remains well below the levels seen at the height of the dot-com bubble.**
- **Importantly, companies today are more profitable (higher ROEs), which we believe may provide a buffer against future disappointments.**

Data as of Sept. 30, 2025. Sources: FactSet, S&P. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

SMID-Cap Snapback

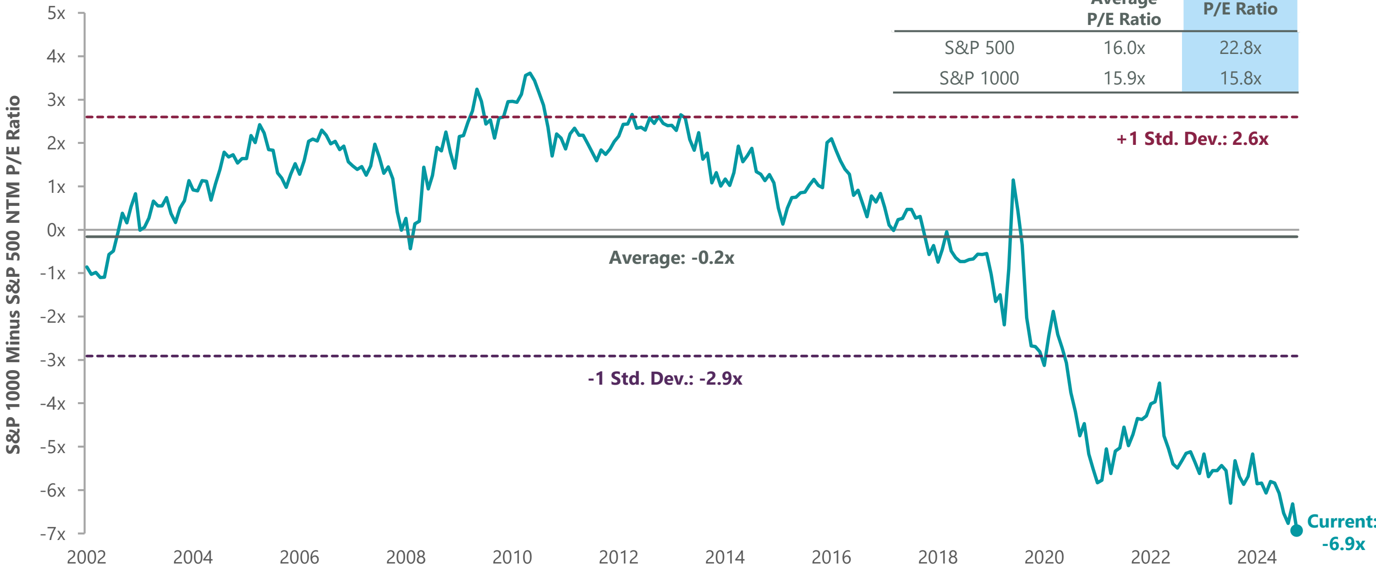


- **Small- and mid-cap (SMID) stocks have historically recovered following periods of sizeable (-15%) underperformance vs. large-cap stocks. This threshold was triggered during 2H24.**

Russell 2500, Russell 1000, reflective of period from 1979 – present, as of Sept. 30, 2025. Sources: FactSet, Russell. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

SMID Caps on Sale

	Long-term Average P/E Ratio	Current P/E Ratio
S&P 500	16.0x	22.8x
S&P 1000	15.9x	15.8x



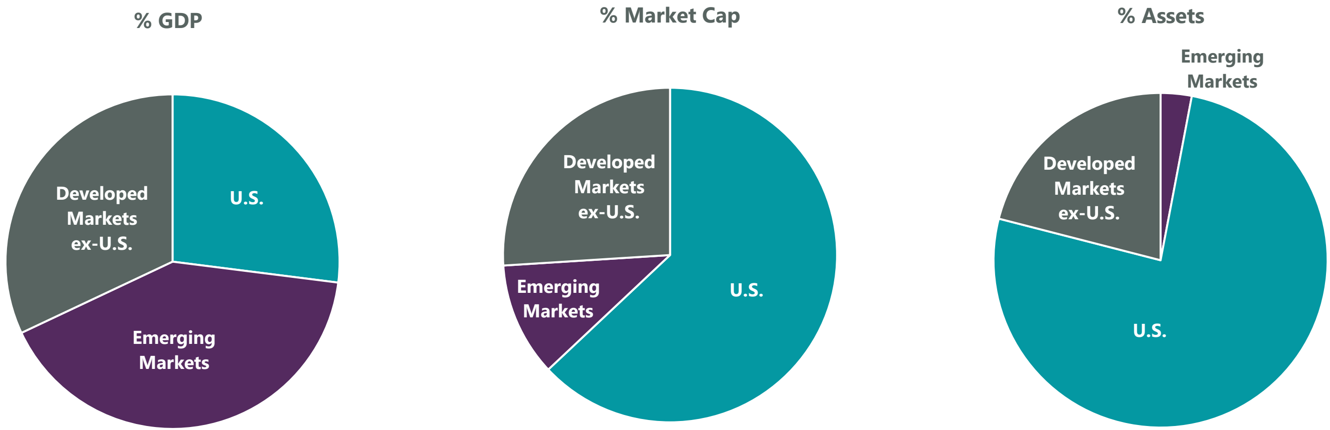
- **Small- and mid-cap stocks have historically traded at similar multiples to large.**
- **With large caps leading since the pandemic, the valuation discount for small and mid is near the widest in over two decades.**

As of Sept. 30, 2025. Sources: FactSet, S&P. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Non-U.S.

Home-Country Bias

Investors Tend to Over-Allocate to Their Home Country



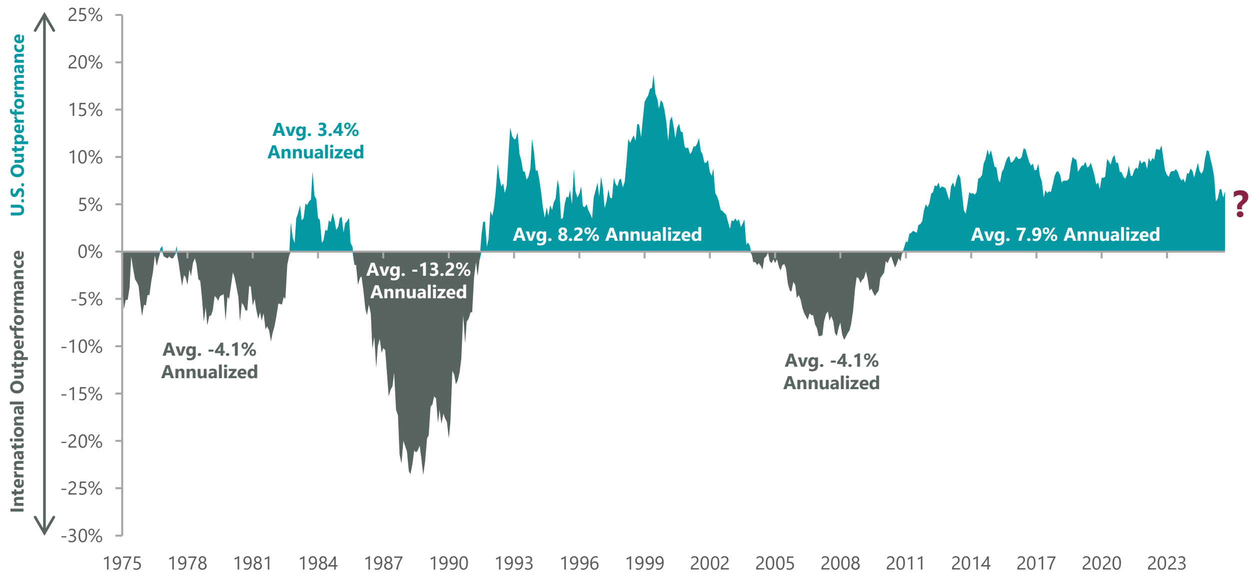
The U.S. represents 27% of global GDP

The U.S. represents 63% of global market cap

The U.S. represents 76% of U.S. investor portfolios

Morningstar Category Assets as of August 31, 2025. GDP as of Dec. 31, 2024. MSCI ACWI Index as of Sept. 30, 2025. Sources: Morningstar, Macrobond, IMF, MSCI, FactSet. Data most recent available as of Sept. 30, 2025.

Global Leadership Cycles



- **History shows the geographic leadership tends to persist for longer than investors appreciate.**
- **The United States has been in the driver's seat since the Global Financial Crisis, although a turning point may be near.**

Note: Price Return. Data shows rolling five-year annualized performance differential between S&P 500 and MSCI ACWI ex-U.S. indices. Data as of Sept. 30, 2025. Sources: Macrobond, S&P, MSCI. Past performance is no guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Leadership Rarely Persists

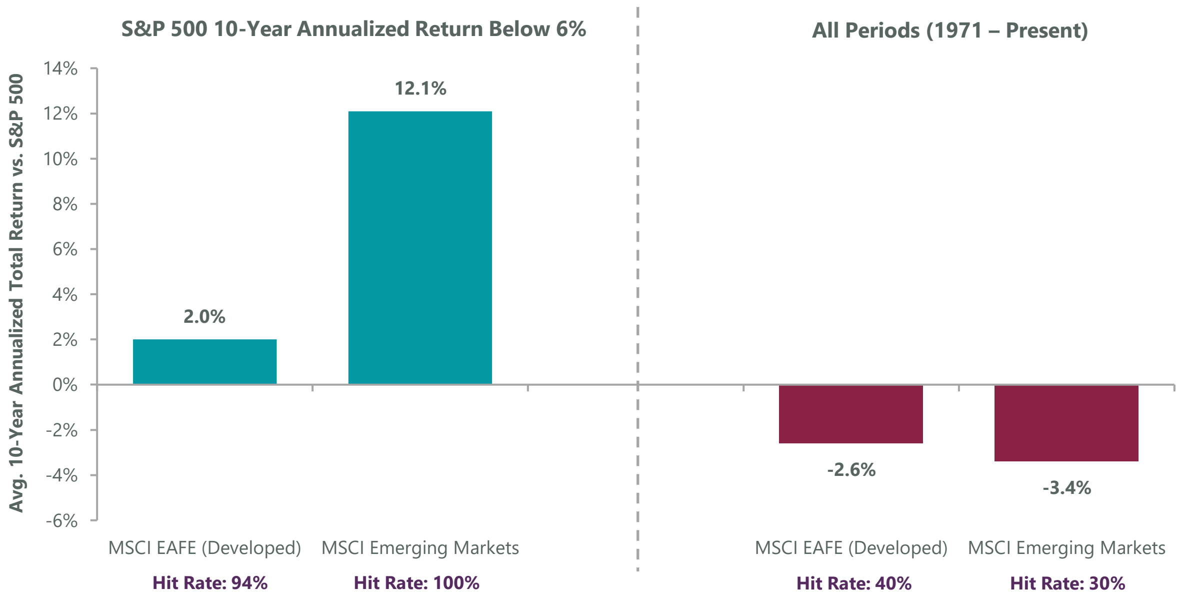
Top 10 Companies by Market Value at Decade End

1980	1990	2000	2010	2020
IBM	NTT	Microsoft	Exxon	Apple
AT&T	Bank of Tokyo	GE	PetroChina	Microsoft
Exxon	Industrial Bank of Japan	NTT Docomo	Apple	Alphabet
Standard Oil	Sumitomi Mitsui	Cisco	BHP Billiton	Amazon
Schlumberger	Toyota	Walmart	Microsoft	Facebook
Shell Oil	Fuji Bank	Intel	ICBC	Alibaba
Mobil	Dai-Ichi Kangyo Bank	NTT	Petrobras	Berkshire Hathaway
Eastman Kodak	IBM	Exxon	China Construct. Bank	Tencent
Atlantic Richfield	UFJ Bank	Lucent	Royal Dutch Shell	JPMorgan
GE	Exxon	Deutsche Telecom	Nestle	Visa

- **The largest companies in the world have rarely held onto their leadership position for prolonged periods in the past.**
- **With U.S. companies currently dominating the list, history suggests the potential for a stronger international showing in the coming decade.**

Source: Strategas. **Past performance is not a guarantee of future results.** For illustrative purposes only and not reflective of the performance or portfolio composition of any Franklin Templeton fund.

Diversification Matters



▶ **Although the U.S. has outperformed international equities historically, investors have been rewarded for holding non-U.S. stocks during periods of softer U.S. performance.**

Note: Data shows 10-year rolling monthly periods. Data as of Sept. 30, 2025. Sources: Morningstar, S&P, MSCI. **Past performance is no guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. Diversification does not guarantee a profit or protect against a loss.

International Equity Leadership Following the Cut

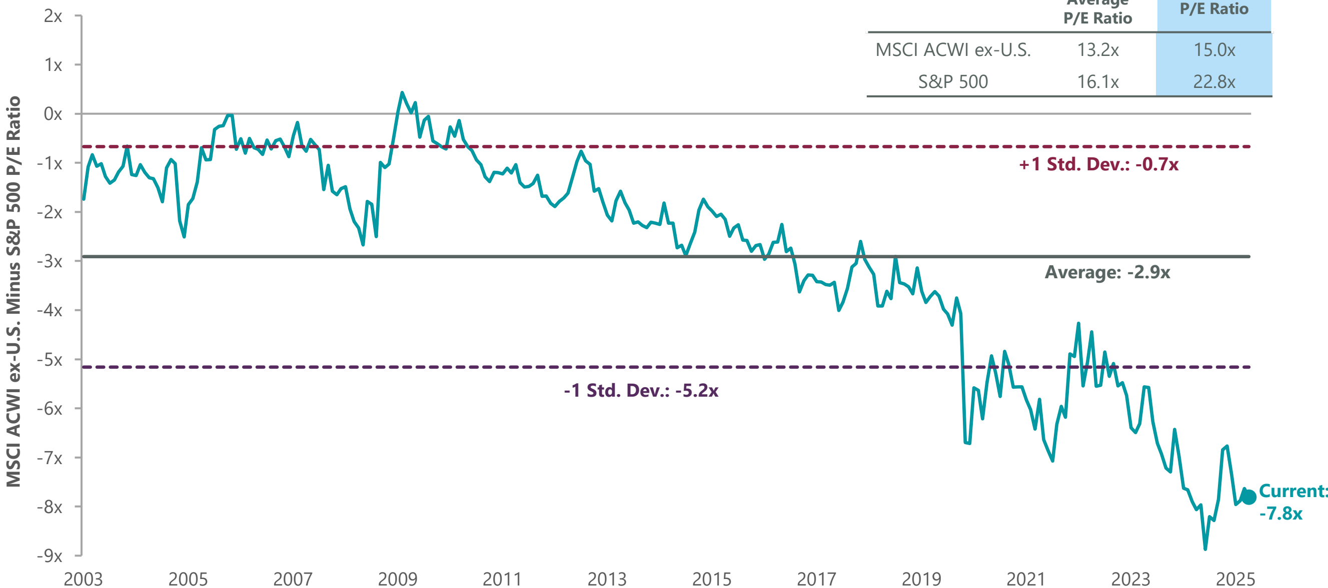
Initial Rate Cut	Economic Outcome	MSCI EAFE	MSCI EAFE Growth	MSCI EAFE Value	MSCI Emerging Markets
		Subsequent 12-Month Price Return			
Apr. 1980	Recession	32.5%	32.4%	32.5%	--
June 1981	Recession	-7.0%	-11.0%	-4.2%	--
Oct. 1984	Soft Landing	40.7%	41.5%	40.6%	--
June 1989	Recession	2.4%	-0.3%	5.5%	22.3%
July 1995	Soft Landing	13.3%	11.6%	15.4%	5.4%
Sept. 1998	Soft Landing	25.7%	20.3%	30.7%	51.4%
Jan. 2001	Recession	-21.2%	-24.2%	-18.4%	-1.2%
Sept. 2007	Recession	-24.0%	-20.3%	-27.6%	-28.4%
July 2019	Recession	-0.4%	10.5%	-11.1%	6.2%
Sept. 2024	Soft Landing	17.6%	10.7%	24.7%	26.2%
Average		8.0%	7.1%	8.8%	11.7%
Recessionary Average		-2.9%	-2.2%	-3.9%	-0.3%
Soft Landing Average		24.3%	21.0%	27.9%	27.6%

▶ **Non-U.S. equities typically surge following the commencement of past soft-landing Fed rate-cut cycles.**

Note: rate cut cycles of at least 75 bps. Sources: FactSet, MSCI, NBER. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. For illustrative purposes only and not reflective of the performance or portfolio composition of any Franklin Templeton fund.

Global Valuations Attractive

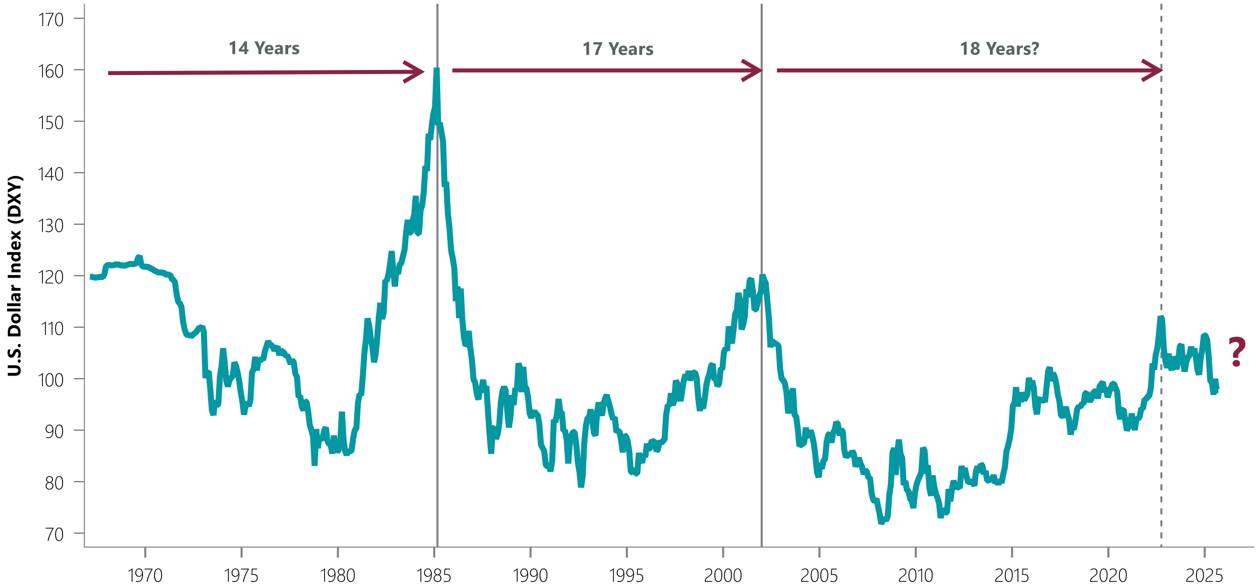
	Long-term Average P/E Ratio	Current P/E Ratio
MSCI ACWI ex-U.S.	13.2x	15.0x
S&P 500	16.1x	22.8x



▶ **International equities remain cheap relative to U.S. stocks even after outperforming in 1H25.**

As of Sept. 30, 2025. Sources: FactSet, MSCI, S&P. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

U.S. Dollar Cycle

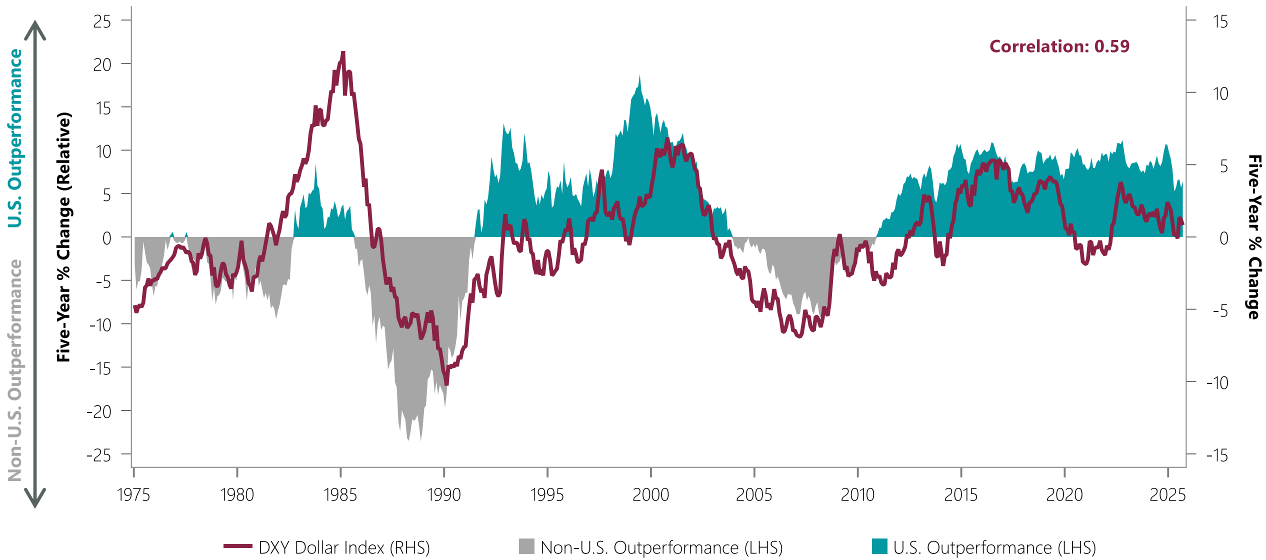


- **U.S. dollar cycles have historically lasted ~16 years with a potential inflection point having been reached in 2022.**

ClearBridge

Data as of Sept. 30, 2025. Sources: Intercontinental Exchange, Macrobond. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

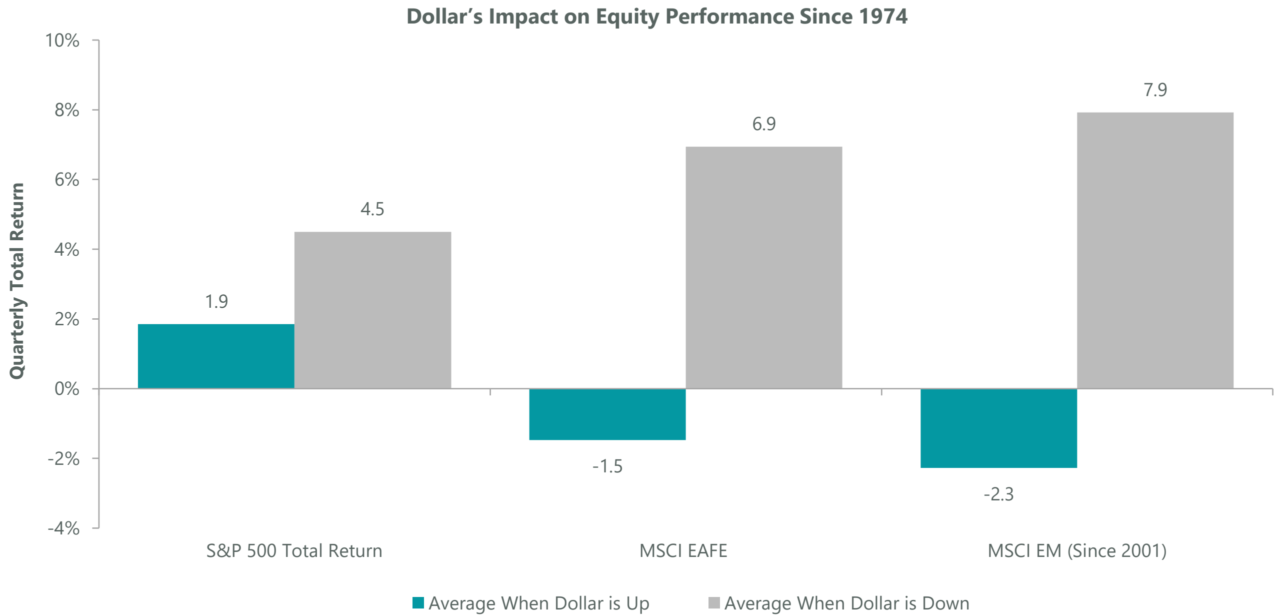
Regional Leadership Tethered To The Dollar



- **History shows that geographic leadership is more closely tied to currency moves than investors appreciate.**
- **Recent dollar weakness suggests a turning point may be near.**

Data as of Sept. 30, 2025. Sources: S&P, MSCI, Intercontinental Exchange, Macrobond. Note: Price return. Data shows rolling five-year annualized performance differential between S&P 500 and MSCI ACWI ex-U.S. indices vs. U.S. Dollar Index. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Weaker Dollar Supercharges Non-U.S. Stocks



International equities have tended to outperform during periods of dollar weakness.

Data as of Sept. 30, 2025. MSCI EAFE and MSCI EM are net returns; MSCI EM data starts in 2001. Sources: FactSet, S&P, MSCI, Bloomberg. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Investor Pitfalls

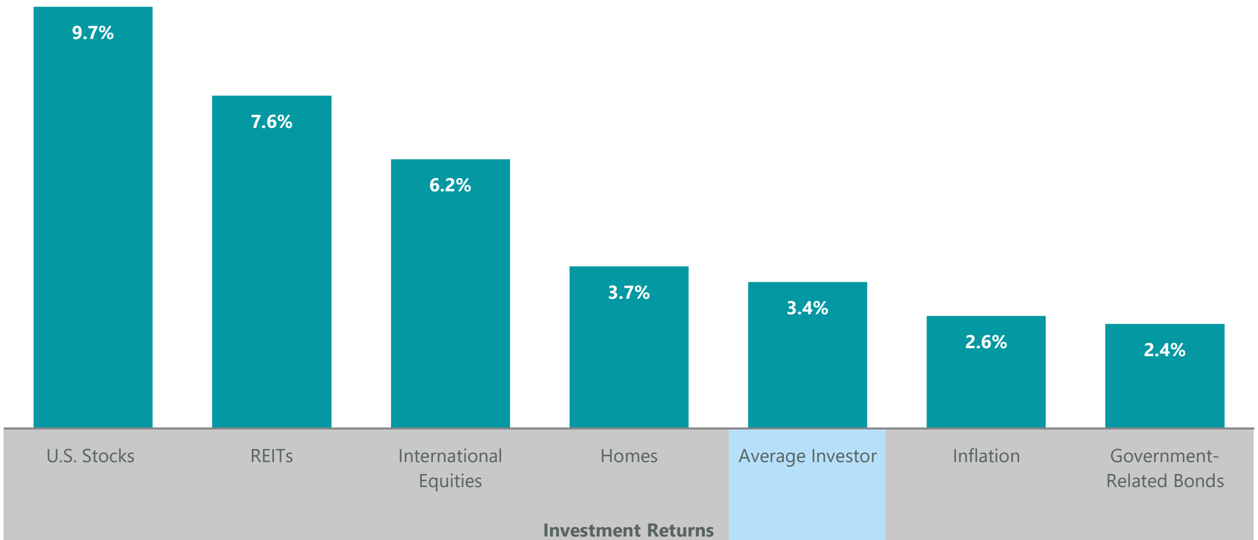
Panic Attacks and the S&P 500

Year	Panic Attacks	S&P 500 Max Drawdown	Cumulative S&P 500 Price Return*
1999	Y2K	-12.1%	378.5%
2000	Tech Bubble Bursts	-17.2%	300.3%
2001	September 11th, 2001 Recession	-29.7%	345.5%
2002	Final Tech Bubble Flush, Corporate Scandals (Worldcom)	-33.8%	412.3%
2003	Iraq War	-14.1%	568.5%
2004	Oil Price Breakout	-8.2%	429.0%
2005	Hurricane Katrina	-7.2%	385.3%
2006	Fed Culminates Hiking Cycle	-7.7%	371.2%
2007	Subprime Cracks Emerge	-10.1%	314.7%
2008	Global Financial Crisis, Bank Failures, Auto Bailouts	-48.8%	300.6%
2009	Global Financial Crisis Culminates	-27.6%	551.2%
2010	European Debt Crisis, Flash Crash	-16.0%	427.5%
2011	S&P Downgrades U.S. Debt, Greek Debt Writedowns	-19.4%	367.7%
2012	Euro Crisis, 2nd Greek Bailout	-9.9%	367.7%
2013	Taper Tantrum	-5.8%	312.4%
2014	Ebola	-7.4%	218.2%
2015	Chinese Slowdown, Yuan Devaluation, Deflation Scare	-12.4%	185.7%
2016	Brexit, Global Negative Rates	-10.5%	187.8%
2017	North Korea Tensions Escalate	-2.8%	162.7%
2018	Trade Wars, Short Vol Unwind	-19.8%	120.0%
2019	Repo Crisis, Yield Curve Inversion	-6.8%	134.6%
2020	COVID-19 Pandemic	-33.9%	82.0%
2021	COVID Variants, Chinese Regulatory Crackdown	-5.2%	56.6%
2022	Russian Invasion of Ukraine, Fed's Hawkish Pivot	-25.4%	23.4%
2023	Regional Bank Crisis, Debt Ceiling Drama	-10.3%	53.2%
2024	Inflation Scare, Sahm Rule Triggered	-8.5%	23.3%

*Cumulative S&P 500 price return is calculated from day prior to the new year (ex. 1999 looks at Dec. 31, 1998) to present. Data as of Dec. 31, 2024. Sources: Bloomberg, Federal Reserve, S&P. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

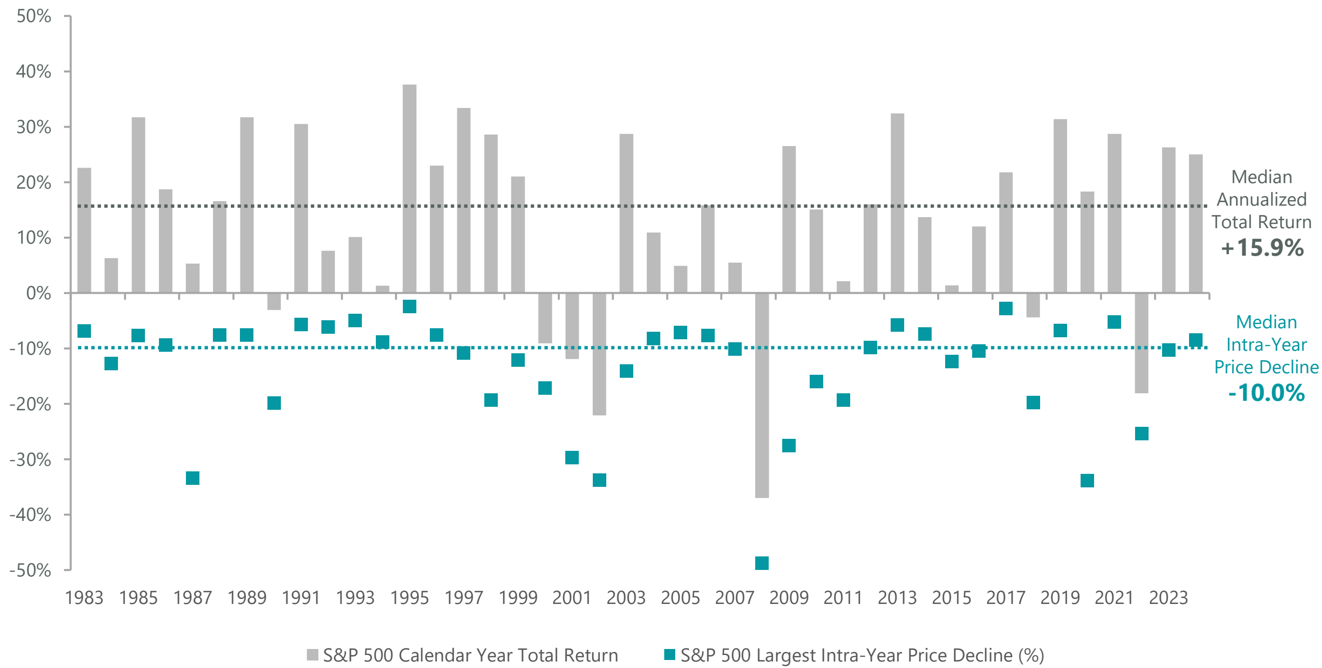
Don't Fall Victim to Panic Attacks

20 Years Annualized Returns (2004-2023)



Source: Bloomberg, Dec. 31, 2023. Average asset allocation investor return is based on an analysis by DALBAR, Inc., which utilizes the net of aggregate mutual fund sales, redemptions and exchanges each month as a measure of investor behavior. Indices shown are as follows: REITs are represented by the NAREIT Equity REIT Index, U.S. Stocks are represented by the S&P 500 Index, International Equities are represented by the MSCI EAFE Index, Government-Related Bonds are represented by the Bloomberg Global Aggregate TR Index, Homes are represented by U.S. existing home sales median price, Inflation is represented by the Consumer Price Index. Indices are unmanaged and cannot be purchased directly by investors. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. **Past performance is no guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

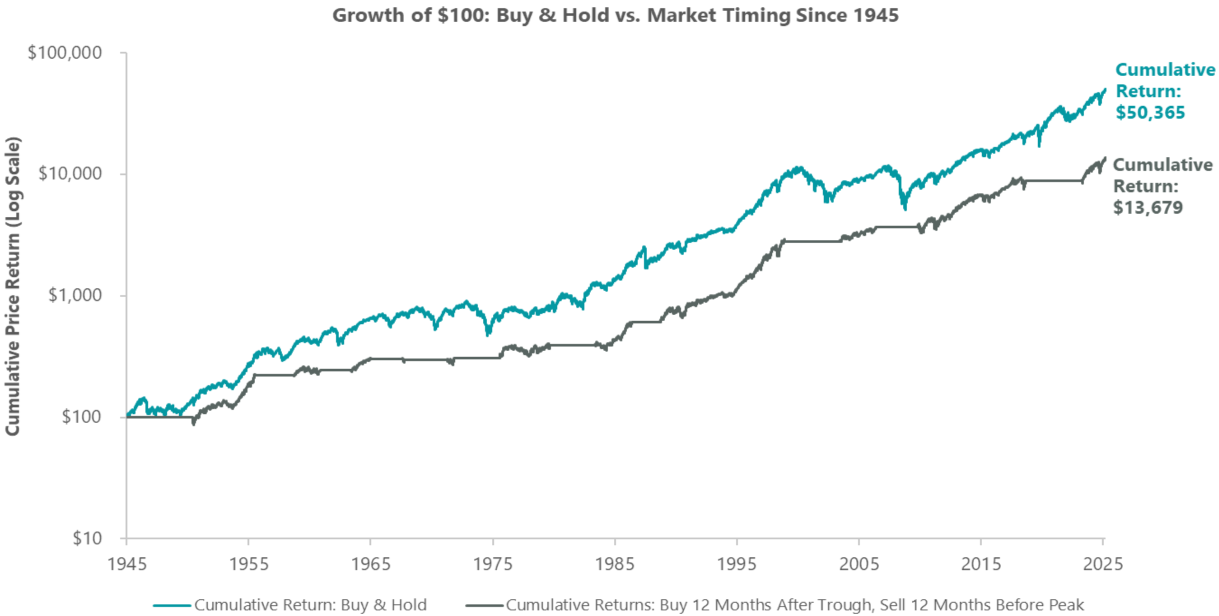
Volatility Not a Financial Loss Unless You Sell



ClearBridge

As of Dec. 31, 2024. Sources: FactSet, S&P. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

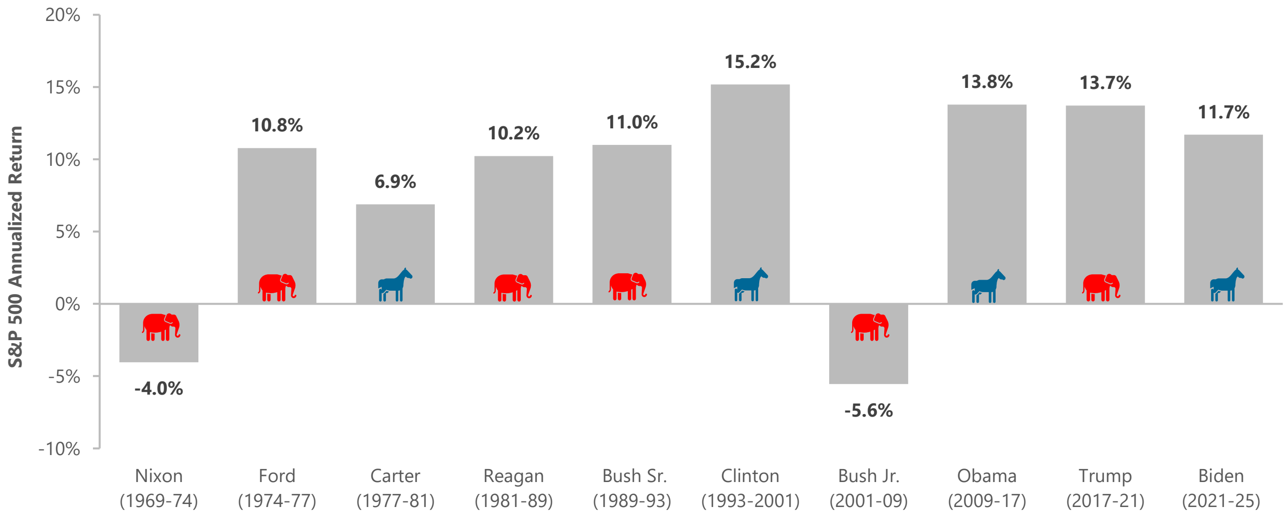
Can You Time the Market?



- **Since 1945, an investor that consistently sold 12 months prior to a market peak and bought back 12 months after the trough was worse off overall than a buy-and-hold investor.**

Data as of Sept. 30, 2025. Sources: FactSet, S&P. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

"It's the Economy…"

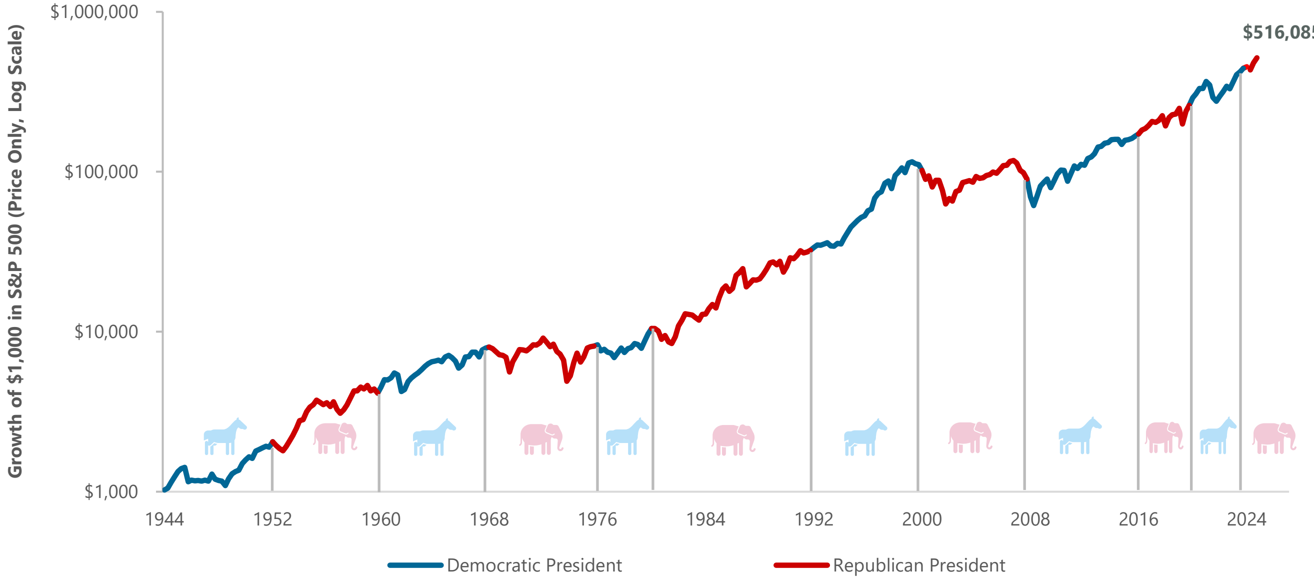


	Nixon	Ford	Carter	Reagan	Bush Sr.	Clinton	Bush Jr.	Obama	Trump	Biden
# of Recessions:	2	0*	1	1	1	0	2	0*	1	0

- **Historically, the U.S. equity market has performed well under both Democratic and Republican administrations.**
- **The only two presidents who witnessed negative stock market performance during their terms had the misfortune of being bookended by recessions.**

Note: 0* represents situations where a recession was already underway when the President took office and ended within three quarters. Sources: FactSet, NBER, S&P. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. **Past performance is not a guarantee of future results.**

Don't Mix Politics and Investing

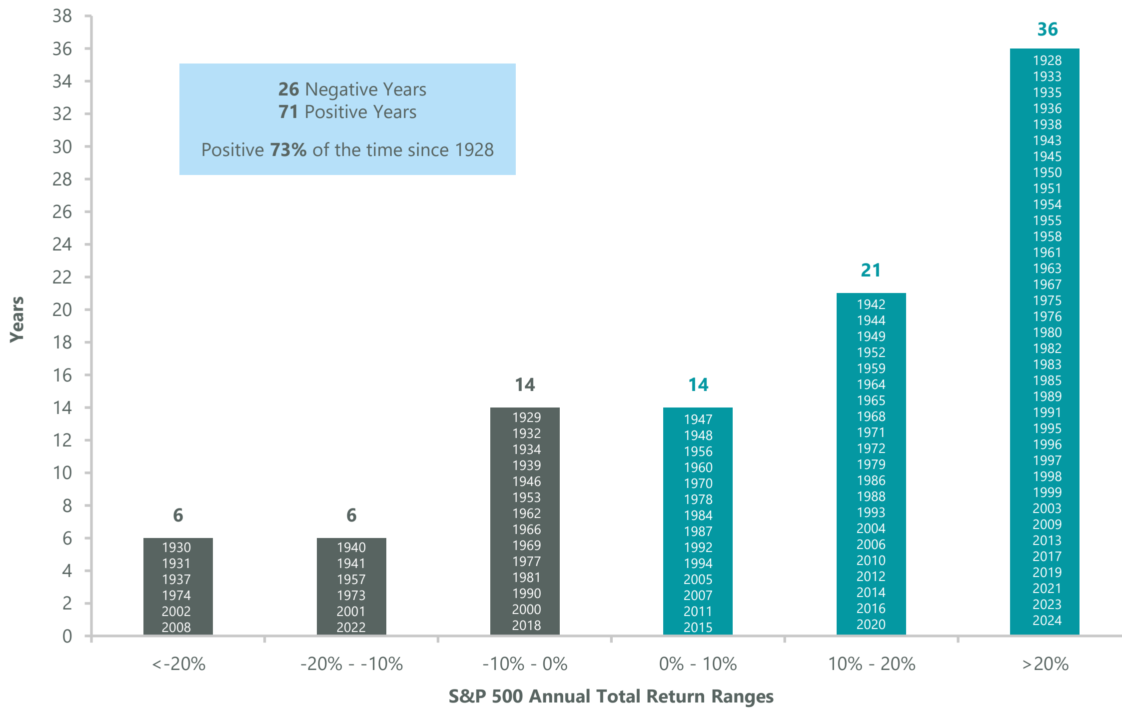


▶ **Historically, the equity market has moved higher irrespective of which party occupies the Oval Office.**

Data as of Sept. 30, 2025. Sources: FactSet, S&P. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Market Annual Returns

Distribution of S&P 500 Total Returns Since 1928



As of Dec. 31, 2024. Sources: NYU (Damodaran Online), FactSet. **Past performance is not a guarantee of future results.** Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Glossary of Terms

BEA: Bureau of Economic Analysis

Bloomberg US Aggregate Bond Index: an unmanaged index of U.S. investment-grade fixed-income securities.

Bloomberg US Corporate Investment Grade Bond Index: an unmanaged index of U.S. investment-grade corporate bond securities.

Bloomberg Global Aggregate Total Return Index: measure of global investment grade debt from a multitude of local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

CPI (Consumer Price Index): measure of the average change in U.S. consumer prices over time in a fixed market basket of goods and services as determined by U.S. Bureau of Labor Statistics.

EPS (Earnings per Share): the portion of a company's profit allocated to each outstanding share of common stock.

Fed (Federal Reserve Board): the U.S. central bank, responsible for policies designed to promote full economic growth, full employment, and price stability.

GDP: Gross Domestic Product

GFC (Global Financial Crisis): the severe economic and market downturn experienced in 2007-2008.

Hit Rate: Metric that measures the percentage of successful outcomes relative to the total number of opportunities.

Home Sales Median Price: measures the price at which half of existing homes sold for more and half sold for less.

MSCI All Country Asia Index: unmanaged index of large and mid cap stocks across Developed Markets countries and Emerging Markets countries in Asia.

MSCI EM Index: unmanaged index of large- and mid-cap stocks in 27 emerging market countries.

MSCI Europe Index: unmanaged index of large- and mid-cap stocks across 15 Developed Markets (DM) countries in Europe.

MSCI EAFE Index: unmanaged index of equity securities from developed countries in Western Europe, the Far East, and Australasia.

MSCI Germany Index: unmanaged index of large- and mid-cap stocks across the German market.

MSCI Japan Index: unmanaged index of large- and mid-cap stocks across the Japanese market.

MSCI UK Index: unmanaged index of large- and mid-cap stocks across the UK market.

MSCI USA Index: unmanaged index of US large- and mid-cap equity securities.

NAREIT All-Equity REITS Total Return Index: free-float-adjusted market capitalization weighted index that includes all tax qualified REITS listed in the NYSE, AMEX and NASDAQ National Markets.

NFIB (National Federation of Independent Business): a U.S. small business advocacy association, representing over 350,000 small and independent business owners.

NFIB Small Business Optimism Index: measure of small business sentiment produced by the National Federation of Independent Business based on its monthly survey of small business owners.

P/E Ratio: Price/Earnings ratio

PMI: Purchasing Manager's Index

Glossary of Terms (continued)

Russell 1000 Index: a subset of the Russell 3000 Index that includes approximately 1,000 of the largest companies in the U.S. equity universe.

Russell 1000 Growth Index: unmanaged index of large-cap stocks chosen for their growth orientation.

Russell 1000 Value Index: unmanaged index of large-cap stocks chosen for their value orientation.

Russell 2000 Index: unmanaged index of small-cap stocks.

Russell 2000 Growth Index: unmanaged index of small-cap stocks chosen for their growth orientation.

Russell 2000 Value Index: unmanaged index of small-cap stocks chosen for their value orientation.

Russell Mid Cap Index: unmanaged index consisting of the 800 smallest companies in the Russell 1000 Index.

Russell Mid Cap Growth Index: unmanaged index of mid-capitalization U.S. equities that exhibit growth characteristics.

Russell Mid Cap Value Index: unmanaged index of mid-capitalization U.S. equities that exhibit value characteristics.

Sahm Rule: The Sahm Rule identifies signals related to the start of a recession when the three-month moving average of the national unemployment rate (U3) rises by 0.50 percentage points or more relative to its low during the previous 12 months.

S&P MidCap 400 Index: unmanaged index of 400 US mid-cap stocks.

S&P 400 Growth Index: unmanaged index of mid-cap stocks having higher price-to-book ratios relative to the S&P 400 MidCap as a whole.

S&P 400 Value Index: unmanaged index of mid-cap stocks having lower price-to-book ratios relative to the S&P 400 MidCap as a whole.

S&P 500 Growth Index: unmanaged index of large-cap stocks selected based on sales growth, the ratio of earnings change to price and momentum.

S&P 500 Value Index: unmanaged index of large-cap stocks selected based on the ratios of book value, earnings, and sales to price.

S&P 600 Index: unmanaged index of 600 US small-cap stocks

S&P 600 Growth Index: unmanaged index of US small-cap growth stocks, selected based on sales growth, the ratio of earnings change to price, and momentum.

S&P 600 Value Index: unmanaged index of US small-cap value stocks, selected based on ratios of book value, earnings, and sales to price.

S&P 500 Index: Unmanaged index of 500 stocks that is generally representative of the performance of larger companies in the U.S.

Yield Curve: Comparison of interest rates at a point in time of bonds with equal credit quality but different maturity dates.

YoY: Year Over Year

U.S. Treasurys: Direct debt obligations issued and backed by the "full faith and credit" of the U.S. government. The U.S. government guarantees the principal and interest payments on U.S. Treasuries when the securities are held to maturity. Unlike U.S. Treasury securities, debt securities issued by the federal agencies and instrumentalities and related investments may or may not be backed by the full faith and credit of the U.S. government. Even when the U.S. government guarantees principal and interest payments on securities, this guarantee does not apply to losses resulting from declines in the market value of these securities.

Biographies

The Anatomy of a Recession

Name and Position	Industry Experience	ClearBridge Tenure	Education, Experience and Professional Designations
 **Josh Jamner CFA** Director, Senior Investment Strategy Analyst	16 years	• Joined ClearBridge in 2017	• Member of the CFA Institute • RBC Capital Markets - Assistant Vice President, Associate Strategist - U.S. Equity • Bessemer Trust - Assistant Vice President, Client Portfolio Analyst • BA in Government from Colby College
 **Jeffrey Schulze CFA** Managing Director, Head of Economic and Market Strategy	20 years	• Joined ClearBridge in 2014	• Member of the CFA Institute • Lord Abbett & Co., LLC – Portfolio Specialist • BS in Finance from Rutgers University

Additional Important Information

"Anatomy of a Recession" is a trademark of ClearBridge Investments, LLC. ClearBridge Investments, LLC is a subsidiary of Franklin Resources, Inc.

This material is intended to be of general interest only and should not be construed as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy. It does not constitute legal or tax advice. This material may not be reproduced, distributed or published without prior written permission from Franklin Templeton.

The views expressed are those of the investment manager and the comments, opinions and analyses are rendered as at publication date and may change without notice. The underlying assumptions and these views are subject to change based on market and other conditions and may differ from other portfolio managers or of the firm as a whole. The information provided in this material is not intended as a complete analysis of every material fact regarding any country, region or market. There is no assurance that any prediction, projection or forecast on the economy, stock market, bond market or the economic trends of the markets will be realized. The value of investments and the income from them can go down as well as up and you may not get back the full amount that you invested.

Past performance is not necessarily indicative nor a guarantee of future performance. 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. **Floating-rate loans** and debt securities are typically rated below investment grade and are subject to greater risk of default, which could result in loss of principal**. 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.**

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. **Large-capitalization** companies may fall out of favor with investors based on market and economic conditions. **Active management** does not ensure gains or protect against market declines. **Diversification** does not guarantee a profit or protect against a loss.

Any research and analysis contained in this material has been procured by Franklin Templeton for its own purposes and may be acted upon in that connection and, as such, is provided to you incidentally. Data from third party sources may have been used in the preparation of this material and Franklin Templeton ("FT") has not independently verified, validated or audited such data. Although information has been obtained from sources that Franklin Templeton believes to be reliable, no guarantee can be given as to its accuracy and such information may be incomplete or condensed and may be subject to change at any time without notice. The mention of any individual securities should neither constitute nor be construed as a recommendation to purchase, hold or sell any securities, and the information provided regarding such individual securities (if any) is not a sufficient basis upon which to make an investment decision. FT accepts no liability whatsoever for any loss arising from use of this information and reliance upon the comments, opinions and analyses in the material is at the sole discretion of the user.

Franklin Templeton has environmental, social and governance (ESG) capabilities; however, not all strategies or products for a strategy consider "ESG" as part of their investment process.

Additional Important Information (cont'd)

Products, services and information may not be available in all jurisdictions and are offered outside the U.S. by other FT affiliates and/or their distributors as local laws and regulation permits. Please consult your own financial professional or Franklin Templeton Institutional contact for further information on availability of products and services in your jurisdiction.

Brazil: Issued by Franklin Templeton Investimentos (Brasil) Ltda., authorized to render investment management services by CVM per Declaratory Act n. 6.534, issued on October 1, 2001. **Canada:** Issued by Franklin Templeton Investments Corp., 200 King Street West, Suite 1400 Toronto, ON, M5H3T4, Fax: (416) 364-1163, (800) 387-0830, www.franklintempleton.ca. **Offshore Americas:** In the U.S., this publication is made available by Franklin Templeton, One Franklin Parkway, San Mateo, California 94403-1906. Tel: (800) 239-3894 (USA Toll-Free), (877) 389-0076 (Canada Toll-Free), and Fax: (727) 299-8736. U.S. by Franklin Templeton, One Franklin Parkway, San Mateo, California 94403-1906, (800) DIAL BEN/342-5236, franklintempleton.com. **Investments are not FDIC insured; may lose value; and are not bank guaranteed.**

Issued in Europe by: Franklin Templeton International Services S.à r.l. – Supervised by the Commission de Surveillance du Secteur Financier - 8A, rue Albert Borschette, L-1246 Luxembourg. Tel: +352-46 66 67-1 Fax: +352-46 66 76. **Poland:** Issued by Templeton Asset Management (Poland) TFI S.A.; Rondo ONZ 1; 00-124 Warsaw. **Saudi Arabia:** Franklin Templeton Financial Company, Unit 209, Rubeen Plaza, Northern Ring Rd, Hittin District 13512, Riyadh, Saudi Arabia. Regulated by CMA. License no. 23265-22. Tel: +966-112542570. All investments entail risks including loss of principal investment amount. **South Africa:** Issued by Franklin Templeton Investments SA (PTY) Ltd, which is an authorised Financial Services Provider. Tel: +27 (21) 831 7400 Fax: +27 (10) 344 0686. **Switzerland:** Issued by Franklin Templeton Switzerland Ltd, Talstrasse 41, CH-8001 Zurich. **United Arab Emirates:** Issued by Franklin Templeton Investments (ME) Limited, authorized and regulated by the Dubai Financial Services Authority. Dubai office: Franklin Templeton, The Gate, East Wing, Level 2, Dubai International Financial Centre, P.O. Box 506613, Dubai, U.A.E. Tel: +9714-4284100 Fax: +9714-4284140. UK: Issued by Franklin Templeton Investment Management Limited (FTIML), registered office: Cannon Place, 78 Cannon Street, London EC4N 6HL. Tel: +44 (0)20 7073 8500. Authorized and regulated in the United Kingdom by the Financial Conduct Authority.

Australia: Issued by Franklin Templeton Australia Limited (ABN 76 004 835 849) (Australian Financial Services License Holder No. 240827), Level 47, 120 Collins Street, Melbourne, Victoria 3000. **Hong Kong:** Issued by Franklin Templeton Investments (Asia) Limited, 62/F, Two IFC, 8 Finance Street, Central, Hong Kong. **Japan:** Issued by Franklin Templeton Investments Japan Limited. Korea: Issued by Franklin Templeton Investment Advisors Korea Co., Ltd, 3rd fl., CCMM Building, 101 Yeouigongwon-ro, Yeongdeungpo-gu, Seoul Korea 07241. **Malaysia:** Issued by Franklin Templeton Asset Management (Malaysia) Sdn. Bhd. & Franklin Templeton GSC Asset Management Sdn. Bhd. This document has not been reviewed by Securities Commission Malaysia. **Singapore:** Issued by Templeton Asset Management Ltd. Registration No. (UEN) 199205211E, 7 Temasek Boulevard, #38-03 Suntec Tower One, 038987, Singapore.

Please visit www.franklinresources.com/all-sites to be directed to your local Franklin Templeton website.

AOR GMNQR 09/25

ClearBridge

FRANKLIN TEMPLETON

AOR GMNQR 09/25