FRANKLIN TEMPLETON

ClearBridge

ClearBridge International Growth ADR Portfolios

Commentary | as of December 31, 2025

Key Takeaways

- **Markets:** International equities delivered solid gains in the fourth quarter to cap one of the best years for overseas stocks in decades. The core benchmark MSCI EAFE Index rose 4.9% in the quarter to finish up 31.2% for 2025, outperforming the S&P 500 Index's gains of 2.7% for the quarter and 17.9% for the year. The market rally was broad with the MSCI Emerging Markets Index advancing 4.7% for the quarter and 33.6% for the year.
- **Contributors:** Holdings in Siemens Energy, NatWest Group, AstraZeneca, Tokyo Electron and Celestica.
- **Detractors:** Holdings in Sea Limited, Sony, Tencent and Zai Lab and. Stock selection in the health care and consumer discretionary sectors.
- **Outlook:** Lower interest rates will certainly help growth stocks, but we think that to reassert market leadership — specifically in technology software and hardware — it will come down to improved earnings.

Top Equity Issuers (% of Total)

Holding	Portfolio
ASML Holding NV	4.01
Siemens Energy AG	3.39
AstraZeneca PLC	3.20
SAP SE	2.98
Sony Group Corp	2.97
NatWest Group PLC	2.65
Taiwan Semiconductor Manufacturing Co Ltd	2.63
Danone SA	2.56
Intesa Sanpaolo SpA	2.54
HSBC Holdings PLC	2.54

Performance Review

- Outside the U.S., growth stocks delivered strong absolute returns but meaningfully underperformed value stocks. The MSCI EAFE Growth Index rose 1.9% for the quarter, trailing the MSCI EAFE Value Index by 590 basis points. In such a value-dominated period, the Portfolios underperformed (gross and net of fees) its primary MSCI EAFE benchmark.
- As a growth manager, we are selective in owning the companies typically thought of as value in our structural growth segment. We have increased this exposure, predominantly by increasing allocations to banks, where we are seeing a step change in earnings. U.K.-based NatWest Group was a leading contributor during the quarter, and we think banks can continue to work as we believe that interest rates will be stable and loan growth will likely increase along with higher fiscal stimulus and to fund AI and energy transitions.
- The Portfolios saw strength in holdings supporting the buildout of AI workloads. These were led by Germany's Siemens Energy, a supplier of electrical equipment to power data centers, semiconductor equipment maker Tokyo Electron, Canada's Celestica, a provider of technology solutions for cloud platforms, and Taiwan Semiconductor, the world's largest contract manufacturer of high-end chips.
- Relative performance was negatively impacted by weakness in the consumer discretionary sector. Sea Limited, the Singapore-based e-commerce, gaming and fintech provider, was hurt by profit taking over potential increasing competitive concerns after the shares rose 80% in the first eight months of the year. Japan's Sony, whose diversified media, entertainment and technology businesses are headlined by its PlayStation franchise, was hurt by a sharp rise in DRAM prices that created margin pressure in the company's gaming division.
- Media and technology conglomerate Tencent was caught up in general weakness in the Chinese market while Zai Lab was down over the push out of its move to breakeven profitability into 2027.
- The health care sector has overall underperformed for the year, although selective stocks within the portfolio did quite well. European biopharmaceutical makers Argenx and UCB as well as the U.K.'s AstraZeneca, meanwhile, were bright spots and we view many of these companies as a compelling innovation source, notably in biotechnology.

Outlook

- Better earnings can drive growth stocks higher, and we see challenges to future earnings for growth companies falling into three categories: tariffs, technology and transition. These issues have created volatility around earnings and impacted more highly rated growth stocks. Many of these are in the secular growth bucket and should see a reassertion of growth as the advantages from AI begin to come through and new ways of monetizing their businesses emerge to drive growth rates higher. Lower interest rates will certainly help stocks, but we think that to reassert market leadership — specifically in technology software and hardware — it will come down to improved earnings.
- Despite a relative performance comeback for international equities in 2025, valuations remain historically attractive compared to their U.S. peers. Overseas markets continue to offer growth franchises with best-in-class business models and innovation comparable to the U.S. but at more reasonable multiples. International companies are clear leaders across industries such as semiconductor equipment, biopharmaceuticals, luxury goods and advanced manufacturing and are well-positioned amid the current secular trends of AI and broader defense spending.

Average annual total returns (%) - as of December 31, 2025-PRELIMINARY

Composite	3-Mo*	6-Mo*	YTD*	1-Yr	3-Yr	5-Yr	10-Yr	15-Yr	20-Yr	25-Yr	Inception	Inception Date
Net of Fees	-0.31	3.36	19.30	19.30	12.21	2.68	7.87	6.67	5.69	4.76	5.58	9/30/1996
Pure Gross of Fees	0.20	4.41	21.70	21.70	14.47	4.77	10.06	8.84	7.84	6.90	7.73	9/30/1996
Benchmark	4.86	9.86	31.22	31.22	17.22	8.92	8.18	6.64	5.58	5.37	5.66	—

*Cumulative total returns

Benchmark(s)

Benchmark =MSCI EAFE Index-NR

The strategy returns shown are preliminary composite returns, subject to future revision (downward or upward).
Past performance is not a guarantee of future results. An investment in this strategy can lose value. Please visit www.franklintempleton.com for the latest performance figures. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

Fees: Returns for periods less than one year are not annualized. Pure gross of fee returns do not reflect the deduction of any expenses, including transaction costs. Net Composite Returns referenced above represent Pure Gross Composite performance of the portfolio reduced by an annual fee of 2.04%, the maximum fee charged by Primerica Advisors to clients invested in the strategy through the Primerica Advisors Lifetime Investment Program wrap fee program. The Net of fee composite returns presented in the attached strategy GIPS Report are calculated by reducing each monthly composite pure gross rate of return by the highest "bundled" fee charged (3.00%) annually, prorated to a monthly ratio. Returns reflect the reinvestment of dividends and other earnings. All performance is reported in US dollars. Management and performance of individual accounts may vary for reasons that include the existence of different implementation practices and model requirements in different investment programs.
The composite is comprised of accounts that are separately managed accounts (SMAs) managed in accordance with the strategy.
For Primerica Primerica Advisors Lifetime Investment Program accounts, Clearbridge Investments, LLC ("ClearBridge"), through Franklin Templeton Private Portfolio Group, LLC ("FTPPG"), will provide a model portfolio for the ClearBridge International Growth ADR investment strategy to PFS Investments, Inc. ("Primerica Advisors"). Clearbridge and FTPPG anticipate that Primerica Advisors will generally follow the model in managing client accounts. However, Primerica Advisors, not Clearbridge or FTPPG, has investment authority and discretion over client accounts on the Primerica Advisors Lifetime Investment Program. Accounts managed by Primerica Advisors through the Primerica Advisors Lifetime Investment Program, utilizing the model will experience performance results different from the performance results of accounts managed by ClearBridge and FTPPG on a discretionary basis outside of the platform due to the fees charged by Primerica Advisors, and due to Primerica Advisors' management of its program and each client's account under the program.

ClearBridge Investments, LLC claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.
To obtain specific information on available products and services or a GIPS Report, contact your Franklin Templeton separately managed account sales team at (800) DIAL BEN/342-5236.

What are the Risks?

All investments involve risks, including possible 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. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks.

Glossary

A **basis point (bp, or bps)** is one one-hundredth of one percent (1/100% or 0.01%).

MSCI EAFE Growth Index captures large- and mid-cap securities exhibiting overall growth style characteristics across Developed Markets countries around the world, excluding the U.S. and Canada. Source: MSCI makes no warranties and shall have no liability with respect to any MSCI data reproduced herein. No further redistribution or use is permitted. This report is not prepared or endorsed by MSCI.

The **MSCI EAFE Small Cap Index** is an unmanaged, free float-adjusted, market-weighted index of small capitalization companies in each industry group of each country represented by the **MSCI EAFE Index**, which is designed to measure the equity market performance of developed markets outside of the U.S. & Canada. Source: MSCI makes no warranties and shall have no liability

with respect to any MSCI data reproduced herein. No further redistribution or use is permitted. This report is not prepared or endorsed by MSCI.

The **MSCI EAFE Value Index** is designed to measure performance of stocks exhibiting overall value style characteristics in developed markets, excluding the U.S. and Canada. Source: MSCI makes no warranties and shall have no liability with respect to any MSCI data reproduced herein. No further redistribution or use is permitted. This report is not prepared or endorsed by MSCI.

The **MSCI Emerging Markets Index** is a market capitalization-weighted index that is designed to measure equity market performance in the global emerging markets. Source: MSCI makes no warranties and shall have no liability with respect to any MSCI data reproduced herein. No further redistribution or use is permitted. This report is not prepared or endorsed by MSCI.

The **S&P 500 Index** features 500 leading U.S. publicly traded companies, with a primary emphasis on market capitalization. Source: © S&P Dow Jones Indices LLC. All rights reserved.

Important Information

The information provided is not a complete analysis of every material fact regarding any country, market, industry, security or portfolio. 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 portfolio's selection process. Holdings are subject to change.

These materials are being provided for illustrative and informational purposes only. The information contained herein is obtained from multiple sources that are believed to be reliable. However, such information has not been verified, and may be different from the information included in documents and materials created by the sponsor firm in whose investment program a client participates. Some sponsor firms may require that these materials be preceded or accompanied by investment profiles or other documents or materials prepared by such sponsor firms, which will be provided upon a client's request. For additional information, documents and/or materials, please speak to your Financial Professional or contact your sponsor firm.

Franklin Templeton (FT) is not undertaking to provide impartial advice. Nothing herein is intended to provide fiduciary advice. FT has a financial interest.

The **MSCI EAFE Index** is a free float-adjusted market capitalization-weighted index designed to measure developed market equity performance, excluding the U.S. and Canada.

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

Net Returns (NR) include income net of tax withholding when dividends are paid.

Holdings are provided for informational purposes only and should not be construed as a recommendation to purchase or sell any security.

Separately Managed Accounts (SMAs) are investment services provided by Franklin Templeton Private Portfolio Group, LLC (FTPPG), a federally registered investment advisor. Client portfolios are managed based on investment instructions or advice provided by one or more of the following Franklin Templeton affiliated sub-advisors: ClearBridge Investments, LLC. Management is implemented by FTPPG, the designated sub-advisor or, in the case of certain programs, the program sponsor or its designee.

ClearBridge Investments, LLC is a Franklin Templeton affiliated company.

This material is intended for informational purposes only, and it is not intended to be relied on to make any investment decision. Franklin Templeton, LLC, is not affiliated with Primerica or PFS Investments, Inc.

FRANKLIN TEMPLETON