FRANKLIN TEMPLETON | ClearBridge

ClearBridge International Growth ADR Portfolios

Commentary | as of September 30, 2026

Key Takeaways

- **Markets:** International equities produced mixed results as a sharp reversal in momentum-driven AI stocks pressured growth companies while rising rates and inflation concerns supported value. The MSCI EAFE Index gained 0.8%, while the MSCI EAFE Growth Index fell 2.5%, trailing the MSCI EAFE Value Index by 680 basis points.
- **Contributors:** Komatsu, Agnico Eagle Mines, Recruit Holdings, not holding Murata Manufacturing and Nestle.
- **Detractors:** Prysmian, Kioxia, Infineon, Tokyo Electron and AstraZeneca,. Stock selection in information technology (IT), industrials, health care.
- **Outlook:** We believe the third-quarter AI-related selloff was primarily rotational and sentiment driven. We remain focused on durable growth businesses positioned to benefit from AI investment, while diversifying exposure and managing portfolio risk in a narrow, trend-driven market.

Performance Review

- International growth equities were pressured by a sharp unwind in AI-related momentum stocks during July and into August. Concerns about the return on historically high AI capital expenditures, compute oversupply, high-bandwidth memory execution, lower-cost Chinese AI models and hedge fund deleveraging drove a reversal in companies that had led earlier in the year.
- The MSCI EAFE Growth Index fell 1.7% in July while the MSCI EAFE Value Index gained 5.7%, the second-largest monthly differential favoring value in the past 10 years. Year to date, value has outperformed growth by more than 790 basis points.
- The Portfolios' performance was hurt by an overweight to IT, an underweight to the strong-performing financials sector and exposure to AI infrastructure companies that declined sharply. Changes to the composition of the EAFE Growth and Value indexes during the May reconstitution also affected relative results.
- While the portfolio had meaningful exposure to the AI investment cycle, benchmark leadership extended into higher-beta, cyclical businesses whose historical return characteristics had generally not met our investment criteria.
- The largest individual detractors were semiconductor holdings Kioxia, Infineon, Tokyo Electron. High-voltage cable supplier Prysmian also detracted as investor sentiment weakened despite continued earnings upgrades. Nearly every AI hardware company held in the portfolio reported record results, underscoring that the quarter's pressure reflected a technical and sentiment-driven correction rather than an earnings shortfall.
- Diversified contributions from more value-like structural growth holdings partially offset these declines. Japanese industrial equipment manufacturer Komatsu benefited from a beat and raise quarter on solid construction and mining demand. Agnico Eagle Mines and Woodside Energy gained alongside higher gold, crude oil and natural gas prices. Recruit Holdings was resilient despite concerns that AI could disintermediate its job-board businesses.
- We expanded structural-growth exposure and selectively repurchased secular growers following oversold conditions. SAP was the largest addition after our view evolved on its AI opportunity; we believe its mission-critical offering, embedded customer relationships and proprietary enterprise data position it to benefit from enterprise AI adoption. Other repurchases included Hong Kong Exchanges & Clearing, Canadian Pacific Kansas City and Thomson Reuters. In health care, we purchased Novartis and sold Roche following Roche's disappointing multiple sclerosis trial results.
- We exited Swedish mining equipment manufacturer Sandvik after it reached our price target following strong appreciation, organic order growth and margin expansion. We sold out of Japanese convenience store operator Pan Pacific International due to supermarket acquisitions that will slow earnings growth.

Outlook

- We view the third-quarter selloff in AI-related holdings as rotational and sentiment driven. We continue to participate in the long-term AI capital expenditure cycle through companies with durable earnings potential, attractive returns on capital and sustainable shareholder value creation.
- AI infrastructure demand continues to create scarcity, supply bottlenecks and pricing power across semiconductors, advanced packaging, storage, networking and optical infrastructure. This global investment cycle is benefiting companies across Japan, South Korea, Taiwan and parts of Europe.
- We expect AI's next phase to extend beyond infrastructure into broader enterprise adoption across financial services, health care, manufacturing and other industries. We are also strengthening our risk-monitoring tools and collaboration with ClearBridge's data science team to better evaluate portfolio correlations, activity and risk factors in a narrow international equity market.

Top Equity Issuers (% of Total)

Holding	Portfolio
ASML Holding NV	6.69
Schneider Electric SE	3.15
Taiwan Semiconductor Manufacturing Co Ltd	2.84
SAP SE	2.53
Cie Financiere Richemont SA	2.52
Banco Santander SA	2.46
Hoya Corp	2.37
AstraZeneca PLC	2.35
Siemens Energy AG	2.32
Atlas Copco AB	2.16

Not FDIC Insured | No Bank Guarantee | May Lose Value

Average annual total returns (%) - as of September 30, 2026-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	-6.49	3.39	-2.53	-2.83	10.47	2.12	7.61	7.89	4.86	5.91	5.35	9/30/1996
Pure Gross of Fees	-6.01	4.43	-1.04	-0.84	12.71	4.20	9.79	10.08	6.99	8.06	7.49	9/30/1996
Benchmark 1	0.81	11.72	10.33	15.69	18.40	9.32	9.07	8.50	5.38	7.10	5.86	–
Benchmark 2	-2.53	11.63	6.38	8.36	13.90	4.33	7.81	8.12	5.45	6.80	5.03	–

*Cumulative total returns

Benchmark(s)

Benchmark 1=MSCI EAFE Index-NR

Benchmark 2=MSCI EAFE Growth Index-NR

The strategy returns shown are preliminary composite returns, subject to future revision (downward or upward).

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.
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.

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%).

Capital Expenditure (capex) are funds used by a company to acquire or upgrade physical assets such as property, industrial buildings or equipment.

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.

Important Information

Effective March 1, 2026, the MSCI EAFE Growth Index was added as an additional benchmark for the portfolio.

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 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. 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.

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. 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.

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.

© Franklin Templeton. All rights reserved.

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