

Performance Review

- International equities rose during the first quarter despite the outbreak of trade wars, as a rotation out of U.S. technology and the prospect of greater fiscal stimulus in international markets helped bolster returns. As a result, the core MSCI EAFE Index rose 6.86%. The financials sector continued to rally to new highs, along with traditional defensives, which were less impacted by tariff threats, helping the MSCI EAFE Value Index¹ (11.56%) handily outperform the MSCI EAFE Growth Index² (2.13%).

QUARTERLY KEY PERFORMANCE DRIVERS³

	Stocks	Sectors	Region
HELPED	Lloyds Banking	Financials (Selection)	Japan (Selection, Underweight)
	Siemens Aktiengesellschaft	Information Technology (Selection)	Emerging Markets (Selection)
	Intesa Sanpaolo	Consumer Staples (Selection)	Asia Ex Japan (Underweight)
HURT	Hitachi	Industrials (Selection)	Emerging Markets (Overweight)
	New Oriental Education & Technology	Utilities (Selection)	North America (Selection)
	Schneider Electric	Information Technology (Overweight)	United Kingdom (Selection)

- Our financials holdings continued to perform strongly as signs of further fiscal stimulus in Europe as well as the prospect of higher rates in Japan helped increase the probability of higher terminal rates and increased loan growth. Lloyds Banking outperformed as the company's visibility on its net interest income continued to improve and as signs of mortgage margin pressure abated. Italian banking leader Intesa Sanpaolo, a new addition, thrived due to strong capital generation and a high-quality capital return program.
- Within consumer staples, Belgian brewer Anheuser-Busch InBev and French food and beverage company Danone proved attractive and inexpensive alternatives to their U.S. counterparts.
- Industrials holdings, some of our strongest contributors in 2024, came under pressure following the general unwind of the generative AI and data center buildout trades. French cable manufacturer Nexans faced increased scrutiny after investors became concerned that a proposed large undersea cable project may not progress as planned, while Japanese industrial conglomerate Hitachi was undergoing a management changeover from a highly regarded CEO and uncertainty around its next midterm plan.
- New Oriental Education & Technology, a provider of private educational services in China, fell due to a slowing growth outlook within its overseas test prep business amid geopolitical concerns and rising tensions between the U.S. and China.

Outlook & Strategy

- We believe deglobalization will be the dominant theme in the coming decade. Near term, this will mean extreme choppiness in equity markets as supply chains and geopolitical alliances are redefined. Market volatility usually offers opportunities to upgrade quality in the portfolio, particularly in cyclical sectors as markets increasingly price in recession risk. Deglobalization will also drive greater fiscal spending and reprioritization of funds toward defense, domestic infrastructure and strategic industries, and we continue to add to stocks leveraged to these themes across Europe and Japan.
- Longer term, the impact of deglobalization is likely to be structurally higher inflation, lower profit margins and higher risk premiums. This provides a favorable backdrop for value sectors where stock valuations are rooted in real assets and short-duration cash flows. Outside the U.S., international markets have already begun this rotation to value, which we believe will see further momentum as U.S. concentration in market-weighted global benchmarks as well as investor portfolios further unwinds.

Product Details⁴

Inception Date	09/30/1994
Benchmark	MSCI EAFE Index-NR

1. **MSCI EAFE Value Index** captures large- and mid-cap securities exhibiting overall value style characteristics across Developed Markets countries around the world, excluding the U.S. and Canada. . Source: MSCI makes no warranties

2. **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.

3. The portfolio characteristics and sector attribution are based on a model portfolio, not an actual client account. The model portfolio is a hypothetical portfolio whereby the portfolio characteristics and sector attribution are based on simulated trading and account activity of a client account invested in this strategy and assumes no withdrawals, contributions or client-imposed restrictions. Characteristics and sector attributions of individual client accounts may differ from those of the model portfolio as a result of account size, client-imposed restrictions, the timing of client investments, market conditions, contributions, withdrawals and other factors. This information does not constitute, and should not be construed as, investment advice or recommendations with respect to the sectors and securities listed, and it should not be used as the sole basis for any investment decision.

Performance Data

Average Annual Total Returns (USD %)

	3 Mths	YTD	1 Year	3 Year	5 Year	10 Year	20 Year	Since Inception (09/30/1994)
ClearBridge International	7.37	7.37	5.94	8.20	16.26	5.48	5.56	6.72
Value ADR Portfolios - Pure ClearBridge International	6.60	6.60	2.86	5.06	12.91	2.41	2.48	3.62
GROSS ClearBridge Portfolios - NET MSCI EAFE Index NR	6.86	6.86	4.88	6.05	11.77	5.40	5.17	5.19

Calendar Year Returns (USD %)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
ClearBridge International	2.95	14.68	-3.27	16.75	1.11	16.19	-20.79	24.95	5.72	1.25
Value ADR Portfolios - Pure ClearBridge International	-0.05	11.37	-6.11	13.38	-1.85	12.83	-23.15	21.37	2.64	-1.70
GROSS ClearBridge Portfolios - NET MSCI EAFE Index NR	3.82	18.24	-14.45	11.26	7.82	22.01	-13.79	25.03	1.00	-0.81

The strategy returns shown are preliminary composite returns, subject to future revision (downward or upward). Please visit www.franklintempleton.com for the latest performance figures. Past performance is not a guarantee of future results. An investment in this strategy can lose value.

Performance data represents past performance, which does not guarantee future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate with market conditions, and you may have a gain or loss when you sell your shares. Periods less than one year are not annualized. Performance results are for the composite which includes all actual, fully discretionary accounts with substantially similar investment policies and objectives managed to the composite's investment strategy. Composite returns are stated in U.S. dollars and assume reinvestment of any dividends, interest income, capital gains, or other earnings. The composite may include account(s) that are gross of fees and pure gross of fees. "Pure" gross-of-fee returns do not reflect the deduction of any expenses, including transaction costs. A traditional (or "true") gross-of-fee return reflects performance after the reduction of transaction costs but before the reduction of the investment advisory fee. The gross-of-fee return may include a blend of "true" gross-of-fee returns for non-wrap accounts and "pure" gross-of-fee returns for wrap accounts. Net-of-fee returns is reduced by a model "wrap fee" (3.0% is the maximum anticipated wrap fee for equity and balanced portfolios) which includes trading expenses as well as investment management, administrative and custodial fees. The model wrap fee used represents the highest anticipated wrap fee applicable to the strategy. Actual fees and account minimums may vary.

4. Information is based on ClearBridge International Value ADR Portfolios. A composite is an aggregation of one or more portfolios into a single group that represents a particular investment objective or strategy.

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