

# ClearBridge Emerging Markets Portfolios

Commentary | as of March 31, 2026

## Key Takeaways

- **Markets:** Emerging markets bore the brunt of energy supply shocks caused by the U.S. and Israel's war with Iran, enduring sharp losses as military action escalated in the last month of the first quarter. The MSCI Emerging Markets Index finished the quarter down 0.2% after a 13.1% drop in March. Oil exporter Brazil (+19.1%) was the best-performing market, while South Korea (+16.5%) and Taiwan (+9.1%) also outperformed. India (-18.1%) suffered among the sharpest losses in EM while China (-8.9%) also underperformed.
- **Contributors:** Samsung Electronics, Shinhan Financial, Samsung Heavy Industries, Delta Electronics and Sieyuan Electric. Stock selection in industrials.
- **Detractors:** Taiwan Semiconductor, HDFC Bank, Tencent, Petrobras, Trip.com.
- **Outlook:** Recent events may support positive asset allocation moves toward emerging markets. The Iran conflict underscores broader geopolitical uncertainty and questions surrounding the outlook for the U.S. dollar that have been pushing investors to diversify exposures globally.

## Performance Review

- The Portfolios outperformed the benchmark (gross of fees) for the quarter, supported by stock selection in South Korea, China and India that offset weakness in Taiwan. From a sector standpoint, the industrials sector drove outperformance.
- South Korean memory producer Samsung Electronics flexed its robust fundamentals with a large earnings upgrade. However, gains were pared by quarter end on profit taking and general risk reduction due to geopolitics, especially among foreign investors. Also in South Korea, shipbuilder Samsung Heavy Industries rose on winning a series of crude oil and LNG tanker contracts while Shinhan Financial has been a beneficiary of South Korea's Value Up program and reported during its earnings release during the quarter that it achieved its 50% shareholder return target ahead of schedule in 2025.
- Shares of both Delta Electronics, the Taiwan supplier of power and cooling for AI data centers, and Sieyuan Electric, the Chinese manufacturer of electric transmission equipment, were higher on solid demand trends in their core markets of data centers and electrical grid upgrades.
- Sentiment among Indian companies took another turn lower in the quarter. On top of a rotation out of the region toward areas more indexed to AI innovation, the Iran conflict highlighted India's dependence on foreign energy to power the world's fifth-largest economy and largest population. Most impacted by this negative environment was the country's largest bank, HDFC Bank.
- Chinese digital conglomerate Tencent was also a detractor; the company has been engaged in a public LLM subsidy battle for market share that also involves Bytedance, the leader in daily active users, and Alibaba, which boasts the largest monthly active user base. Despite this competitive threat, Tencent's core business areas, including its gaming business, continue to deliver strong growth.
- Fourth-quarter results for Chinese online travel agency Trip.com showed solid demand with revenue ahead of expectations, but the stock was pressured by a guide-down on margin and regulatory scrutiny as well as inflationary pressure later in the quarter. Despite AI disruption concerns, management reiterated that agentic AI offerings are good for itinerary creation, customer service and its fragmented supply chain.
- In addition, an active weight in Taiwan Semiconductor versus the benchmark was detrimental in a down quarter for the stock while a lack of exposure to the strong performing Petrobras, Brazil's largest integrated oil company, also detracted from performance.

## Outlook

- Emerging market exposure to the Middle East has increased in recent years with Saudi Arabia, the United Arab Emirates, Kuwait, Qatar and Egypt all included in MSCI EM Index. Given the long-standing sanction regimes, emerging market companies may have essentially zero direct exposure to Iran.
- In general, we would expect to see weakness across Middle Eastern markets while this situation continues. The mitigating factor for the region is its positive sensitivity to rising oil prices. The energy sector is 3.8% of the index and we are meaningfully underweight. Given the low absolute oil exposures in the index and our even smaller active exposure, our internal portfolio risk systems estimate our portfolio demonstrates limited sensitivity to large oil price moves.
- In the long run, recent events may even support the current positive asset allocation moves toward emerging markets we have been noting in recent quarters. The conflict underscores broader geopolitical uncertainty and questions surrounding the outlook for the U.S. dollar that have been pushing investors to diversify exposures globally.

## Top Equity Issuers (% of Total)

Holding	Portfolio
Taiwan Semiconductor Manufacturing Co Ltd	16.52
Samsung Electronics Co Ltd	8.52
Tencent Holdings Ltd	6.11
SK hynix Inc	5.27
Alibaba Group Holding Ltd	3.44
Shinhan Financial Group Co Ltd	2.61
Delta Electronics Inc	2.60
HDFC Bank Ltd	2.35
ICICI Bank Ltd	2.15
Sieyuan Electric Co Ltd	2.09

## Average annual total returns (%) - as of March 31, 2026

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	0.75	7.34	0.75	30.25	9.91	-1.55	5.80	1.55	2.42	5.93	2.23	12/31/1993
Pure Gross of Fees	1.52	8.98	1.52	34.28	13.31	1.49	9.07	4.69	5.59	9.20	5.40	12/31/1993
Benchmark	-0.17	4.56	-0.17	29.55	14.84	3.69	7.87	3.83	5.58	8.96	5.56	—

\*Cumulative total returns

## Benchmark(s)

Benchmark = MSCI EM Index Mix

**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](http://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:** 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.

For fee schedules, contact your financial professional, or if you enter into an agreement directly with Franklin Templeton Private Portfolio Group, LLC ("FTPPG"), refer to FTPPG's Form ADV Part 2A disclosure document. 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.

## IMPORTANT PERFORMANCE CALCULATION

**Beginning February 1, 2018**, the composite includes only SMA portfolios that are managed in accordance with the Martin Currie Global Emerging Markets strategy. Prior to February 2018, performance results were calculated using the Martin Currie Global Emerging Markets Composite, which was comprised of institutional accounts. Net total returns were calculated by reducing the institutional gross-of-fees performance by the highest bundle fee of 3.0%. Martin Currie follows substantially the same investment philosophy, strategies and processes in managing SMA portfolios that it does in managing institutional portfolios. The performance of the Martin Currie Global Emerging Markets SMA Composite may vary from the performance of the institutional composite, especially over shorter time periods and during periods of extraordinary market conditions. The SMA portfolios are implemented through a combination of individual holdings along with an allocation to a no-load mutual fund share created to allow the portfolio managers to replicate the same themes and characteristics of the managed institutional and mutual fund strategy. Members in the institutional composite typically hold individual securities.

**The MSCI EM Index Mix: Prior to January 31, 2018, the index used was the MSCI EM (Emerging Markets) Index (gross income). After January 31, 2018, the index used was the MSCI EM (Emerging Markets) Index (net income).**

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## What are the Risks?

**All investments involve risks, including possible loss of principal. Equity securities** are subject to price fluctuation and possible loss of principal. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. **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**. The portfolio is **non-diversified** and may invest in a relatively small number of issuers, which may negatively impact the performance and result in greater fluctuation in value. The managers' **environmental, social and governance (ESG) strategies** may limit the types and number of investments available and, as a result, may forgo favorable market opportunities or underperform strategies that are not subject to such criteria. There is no guarantee that the strategy's ESG directives will be successful or will result in better performance. **Derivative instruments** can be illiquid, may disproportionately increase losses, and have a potentially large impact on performance.

## Glossary

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.

## Important Information

**Effective September 30, 2025, the Martin Currie Emerging Markets Portfolios was renamed ClearBridge Emerging Markets Portfolios.**

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.

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The **MSCI Emerging Markets Index** is a market capitalization-weighted index that is designed to measure equity market performance in the global emerging markets.

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

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