

Western Asset GSM 7-Year Portfolios

Commentary | as of September 30, 2025

Key Takeaways

- **Markets:** During the third quarter, volatility in both equity and Treasury markets remained relatively subdued. Risk assets performed well, with the S&P 500 Index reaching new highs and credit spreads tightening. US job growth weakened in August, with nonfarm payrolls rising by 22,000 jobs—lower than July’s upwardly revised figure of 79,000 (from 73,000). The Federal Open Market Committee (FOMC) lowered its policy rate by 25 bps at its September meeting, setting the target range for the federal funds rate at 4.00% to 4.25%.
- **Contributors:** Duration positioning was beneficial for performance.
- **Detractors:** There were no meaningful detractors from returns over the period.
- **Outlook:** U.S. financial conditions are largely supportive, which, alongside fiscal loosening and solid household balance sheets, points toward a positive foundation for growth. Headwinds remain, including doubts over the state of the U.S. labor market, core inflation lingering close to 3% and the potential lagged impact of tariffs. This backdrop should keep the Federal Reserve on a rate-cutting path, albeit with a cautious view of the inflation outlook.

Performance Review

- Tactical duration positioning, which was net long overall, contributed to performance.
- There were no meaningful detractors from returns over the period.
- Yield curve positioning, sector allocation and security selection did not meaningfully impact the strategy’s relative performance during the quarter.

Outlook

- Western Asset’s outlook remains constructive, though we recognize that growth momentum is tempered by uncertainty in areas such as inflation, central bank policy, geopolitics and fiscal sustainability.
- Fiscal vulnerabilities and persistent inflation may see the yield curve steepen further. European growth is expected to benefit from German and E.U. fiscal support with the European Central Bank judging the eurozone economy to be “in a good place.”
- We continue to focus on disciplined, fundamental, relative value investing, seeking pockets of opportunity in fixed income while remaining mindful of technical and macroeconomic risks.
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Average annual total returns (%) - as of September 30, 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	0.75	1.74	3.84	1.53	2.48	-1.12	-0.14	-0.07	0.94	1.38	2.02	12/31/1994
Pure Gross of Fees	1.24	2.74	5.36	3.53	4.49	0.83	1.82	1.90	2.93	3.37	4.02	12/31/1994
Benchmark	1.26	2.74	5.29	3.50	4.34	0.34	1.55	1.67	2.72	3.22	3.93	—

*Cumulative total returns

Benchmark(s)

Benchmark =Bloomberg U.S. Intermediate Treasury Index

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The composite is comprised of accounts that are separately managed accounts (SMAs) managed in accordance with the strategy. For investors that access strategy through the Primerica Advisors Lifetime Investment Program, Primerica Advisors or its service providers, not Franklin Templeton Private Portfolio Group, LLC (FTPPG), is responsible for implementing the strategy in your account. Gross performance of the strategy, as implemented by Primerica Advisors, will vary from FTPPG’s composite performance. Net performance for individual investors will vary based on the fees charged by Primerica Advisors, as well as Primerica Advisors’ management of its program and each client’s account.

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Glossary

The **yield curve** shows the relationship between yields and maturity dates for a similar class of bonds.
The **Eurozone**, officially known as the Euro area, is a geographic and economic region that consists of all the European Union countries that have fully incorporated the euro as their national currency.
The **Federal Reserve Board (“Fed”)** is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.

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