FRANKLIN TEMPLETON | WESTERN ASSET

Western Asset GSM 7-Year Portfolios

Commentary | as of September 30, 2026

Key Takeaways

- **Markets:** During the third quarter, global markets remained heavily influenced by developments in the Middle East, as repeated military escalations and disruptions to global energy supplies drove renewed inflation concerns and a significant repricing of the interest-rate outlook. As a result, risk assets generally underperformed, aside from AI-related winners.
- **Contributors:** None.
- **Detractors:** Duration was a detractor over the period.
- **Outlook:** Geopolitical tensions remain a defining feature of the outlook, with the Middle East conflict introducing ongoing uncertainty and contributing to oil price volatility as supply routes face occasional disruption. Even with these pressures, the global economic backdrop is gradually improving as fiscal support, easier financial conditions and moderating inflation help strengthen the 2026 outlook.

Performance Review

- The portfolios underperformed the benchmark.
- Duration was a detractor as we were net long versus the benchmark over the quarter..
- Yield-curve positioning, sector positioning and security selection all had no impact on performance.

Outlook

- Global fixed-income markets are navigating heightened uncertainty driven by geopolitical tensions in the Middle East, rapid technological change and increased scrutiny of private credit markets.
- Energy-related supply disruptions have lifted near-term inflation and triggered a sharp reset in market expectations for central bank policy, with investors pricing rate hikes rather than the cuts anticipated earlier in the year.
- While near-term inflation pressures are evident, longer-term inflation expectations remain well anchored, and we believe the magnitude of the recent rate repricing may be somewhat overdone.
- Global growth is expected to moderate, with the US remaining relatively more resilient than other regions due to energy independence, fiscal support and strong underlying fundamentals.

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	-2.22	-2.58	-2.91	-2.33	1.77	-1.04	-0.44	-0.36	0.74	0.86	1.88	12/31/1994
Pure Gross of Fees	-1.73	-1.62	-1.47	-0.40	3.78	0.91	1.52	1.60	2.72	2.85	3.88	12/31/1994
Benchmark	-1.69	-1.51	-1.46	-0.33	3.78	0.55	1.26	1.39	2.53	2.72	3.80	–

*Cumulative total returns

Benchmark(s)

Benchmark =Bloomberg U.S. Intermediate Treasury Index

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

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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 1.97%, the maximum fee charged by Primerica to clients invested in the 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 (1.50%) annually, prorated to a monthly ratio. Actual fees 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 disclosure document. 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.
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What are the Risks?

All investments involve risks, including possible loss of principal. Fixed income securities involve interest rate, credit, inflation and reinvestment risks, and possible loss of principal. As interest rates rise, the value of fixed income securities falls. **Asset-backed, mortgage-backed or mortgage-related securities** are subject to prepayment and extension risks.

Glossary

Duration is a measure of the sensitivity of a bond's price to changes in interest rates.

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The **Bloomberg U.S. Intermediate Treasury Index** is composed of all public obligations of the U.S. Treasury. This index has an average current maturity of3.69 years (average maturity may vary over time). Source: Bloomberg Indices.

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