

ClearBridge International Growth Fund

Class I: LMGNX Class A: LGGAX

Commentary | as of March 31, 2025

Key Takeaways

- **Markets:** Led by a sharp revival in Europe, international equities delivered strong gains in the first quarter as increasing policy uncertainty in the U.S. spurred investors to look overseas for more predictable returns. The benchmark MSCI EAFE Index advanced 6.86%, outperforming its U.S. counterpart, the S&P 500 Index, by over 1,100 basis points in a reversal of global leadership. The MSCI Emerging Markets Index added 2.93%, boosted by a rebound in China. U.S. President Donald Trump's aggressive and iconoclastic approach to global trade and foreign policy incited the European Union to action in committing to increased defense and overall fiscal spending.
- **Contributors:** Holdings in Lloyds Banking, Banco Bilbao Vizcaya Argentaria and Intesa Sanpaolo. Stock selection in the consumer discretionary and communication services sectors.
- **Detractors:** Holdings in Novo Nordisk and Taiwan Semiconductor. Stock selection in the industrials sector and health care sectors.
- **Outlook:** Inflation in the Eurozone has remained below 3% for 18 months, giving the European Central Bank greater latitude than the U.S. Federal Reserve in continuing to cut interest rates.

Performance Review

- The MSCI EAFE Growth Index was up 2.13% while the MSCI EAFE Value Index, home to many of the companies expected to lead a resurgence in manufacturing activity, surged 11.56%. The Fund underperformed due to the value component far outperforming within its core EAFE benchmark, an outcome we generally expect in one-sided markets. The Fund did, however, outperform its growth benchmark.
- Stock selection in health care and industrials held back performance with particular weakness among biopharmaceutical holdings Novo Nordisk and Argenx. Novo, a leader in the blockbuster diabetes and obesity market, has been hurt recently by the rise of compounding pharmacies taking advantage of the shortage of Ozempic in the market. Argenx, a developer of autoimmune treatments, sold off as the biotech markets have more generally come under pressure.
- Banks were a bright spot, with U.K.-based Lloyds, Spain's Banco Bilbao Vizcaya Argentaria and Italy's Intesa Sanpaolo all rerating more than 30%. Investors are beginning to rediscover European banks for their sustainable earnings growth at some of the lowest valuations with highest capital distributions globally.
- The Fund received diversified contributions within communication services, led by emerging growth holdings Sea Limited, a gaming, e-commerce and fintech provider, and music streamer Spotify.
- We took advantage of the changing investment landscape to add 10 new positions in the quarter while exiting 10 others. Defense spending is expected to increase dramatically in the EU and Japan, which should boost revenues for new additions Airbus and Japan's Mitsubishi Heavy Industries. China is becoming a more investable story due to government support of private industry. Here we purchased BYD, the world's largest EV maker.
- As a result of rising tariff headwinds in North America, we exited our position in Canadian Pacific Kansas City, whose freight rail network spans Canada, the U.S. and Mexico.

Outlook

- International equities have long traded at a discount to their U.S. counterparts for fundamental reasons. Count among them a higher cost of capital, due to more stringent regulation, and less developed capital markets with which to fund the research and development in information and service industries. As part of Europe's awakening to the reality of a changing global order, we believe these two areas will come into focus as drivers of further improvement and competitiveness. The current price for earnings growth disparity has created attractive growth opportunities for global investors seeking best-in-class substitutes for U.S. industry leaders, with the valuation disconnect most acute in the consumer sectors as well as financials.
- Fund flows are another metric we study closely to gauge investor sentiment. After suffering years of capital drain to the U.S. market, Europe and Japan are seeing positive flows again. This trend is encouraging and could provide the impetus to turn the current reactionary, anti-U.S. trades into a more permanent shift of capital to the overseas regions we target.

Morningstar Rating™

Overall Rating as of March 31, 2025



(4-Star) Class I



(4-Star) Class A

As of 03/31/2025 the fund's Class I and Class A shares received a 4 star overall Morningstar rating™, measuring risk-adjusted returns against 369, 335 and 213 Foreign Large Growth funds over the 3-, 5- and 10- year periods, respectively. A fund's overall rating is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) rating metrics.

Top Holdings (% of Total)

Holding	Fund
SAP SE	3.89
Sony Corporation	3.09
Novo Nordisk A/S	2.89
London Stock Exchange Group plc	2.76
RELX PLC	2.64
Sea Cl. A ADR	2.52
Danone SA	2.39
Compass Group	2.37
Deutsche Telekom AG	2.36
Lloyds Banking Group PLC	2.04

Sector Allocation (Equity as a % of Total)

Sector	Fund
Financials	19.39
Industrials	18.78
Information Technology	14.90
Consumer Discretionary	13.64
Health Care	11.85
Consumer Staples	7.96
Communication Services	6.96
Materials	4.71

Average annual total returns and fund expenses (%)

Class	CUSIP	Ticker	Without Sales Charge							With Maximum Sales Charge							Expenses		Sales Charges		Inception Date
			3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Inception	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Inception	Gross	Net	Initial Charge	CDSC	
Class I	524686524	LMGNX	4.73	4.73	4.27	5.32	9.82	7.14	5.06	4.73	4.73	4.27	5.32	9.82	7.14	5.06	0.79	0.79	—	—	3/4/2004
Class A	524686540	LGGAX	4.67	4.67	4.00	5.04	9.53	6.85	10.99	-1.08	-1.08	-1.73	2.99	8.23	6.22	10.58	1.10	1.07	5.50	—	2/3/2009
Benchmark	—	—	6.86	6.86	4.88	6.05	11.77	5.40	—	6.86	6.86	4.88	6.05	11.77	5.40	—	—	—	—	—	

Benchmark(s)

Benchmark = MSCI EAFE Index-NR

Performance data quoted represents past performance, which does not guarantee future results. Current performance may be lower or higher than the figures shown. Principal value and investment returns will fluctuate, and investors' shares, when redeemed, may be worth more or less than the original cost. Performance would have been lower if fees had not been waived in various periods. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. Returns with sales charge reflect a deduction of the stated maximum sales charge. An investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. Returns for periods of less than one year are not annualized. All classes of shares may not be available to all investors or through all distribution channels. For current month-end performance, please visit franklintempleton.com.

Gross expenses are the fund's total annual operating expenses as of the fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns. Net expenses reflect contractual fee waivers, expense caps and/or reimbursements, which cannot be terminated prior to 12/31/2026 without Board consent. Additional amounts may be voluntarily waived and/or reimbursed and may be modified or discontinued at any time without notice.

Maximum sales charges have been updated as of August 15, 2022, please refer the Fund's prospectus for more information.

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. The **investment style** may become out of favor, which may have a negative impact on performance. To the extent the portfolio invests in a **concentration of certain securities, regions or industries**, it is subject to increased volatility. **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 manager may consider **environmental, social and governance (ESG) criteria** in the research or investment process; however, ESG considerations may not be a determinative factor in security selection. In addition, the manager may not assess every investment for ESG criteria, and not every ESG factor may be identified or evaluated. These and other risks are discussed in the fund's prospectus.

Glossary

A **basis point (bp, or bps)** is one one-hundredth of one percent (1/100% or 0.01%).

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The **S&P 500 Index** features 500 leading U.S. publicly traded companies, with a primary emphasis on market capitalization. Source: © S&P Dow Jones Indices LLC. All rights reserved.

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The information provided is not a complete analysis of every material fact regarding any country, market, industry, security or fund. 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 fund's portfolio selection process. Holdings are subject to change.

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.

Morningstar Rating™: Source: Morningstar®, 03/31/2025. For each mutual fund and ETF with at least a 3-year history, Morningstar calculates a Morningstar Rating™ based on how a fund ranks on a Morningstar Risk-Adjusted Return measure against other funds in the same category. This measure takes into account variations in a fund's monthly performance, and does not take into account the effects of sales charges and loads, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The weights are: 100% 3-year rating for 36-59 months of total returns, 60% 5-year rating/40% 3-year rating for 60-119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent 3-year period actually has the greatest impact because it is included in all three rating periods. The fund's Class A shares received a Morningstar Rating of 4, 3 and 4 and fund's Class I shares received a Morningstar Rating of 4, 3 and 4 star(s) for the 3-, 5- and 10-year periods, respectively. Franklin Templeton provides this fund's Morningstar Rating™ for Class A and Class I shares only. Other share classes may have different Morningstar ratings.

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Before investing, carefully consider a fund's investment objectives, risks, charges and expenses. You can find this and other information in each prospectus, or summary prospectus, if available, at www.franklintempleton.com. Please read it carefully.