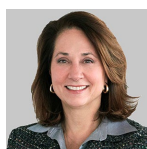




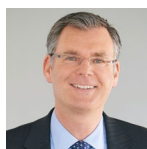
International Growth ADR Strategy



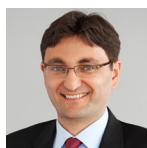
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Key Takeaways

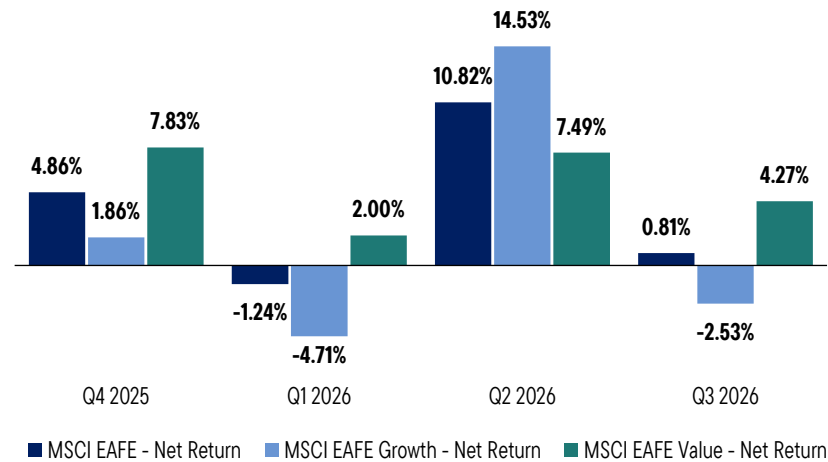
- ▶ While a July unwind in momentum-driven AI trades reversed the previous quarter's gains, we view the growth selloff as sentiment-driven rather than fundamental as AI holdings continue to deliver record results.
- ▶ The Strategy underperformed as its AI infrastructure holdings bore the brunt of the selloff; however, we remain committed to the secular AI trend and will be paying even greater attention to risk going forward.
- ▶ To balance our higher-beta AI exposure, we broadened our structural growth exposure in areas including materials and financials and repurchased several previously held secular growers at oversold levels.

Market Overview

International equities delivered mixed results in the third quarter, with growth stocks pressured by a sharp selloff in momentum-driven AI companies while rising rates and inflationary effects supported value names. The benchmark MSCI EAFE Index advanced 0.8% for the quarter while the MSCI Emerging Markets Index declined 0.4%. Investment style dispersion was pronounced, with the MSCI EAFE Growth Index, the Strategy's secondary benchmark, falling 2.5% to trail the MSCI EAFE Value Index by 680 basis points.

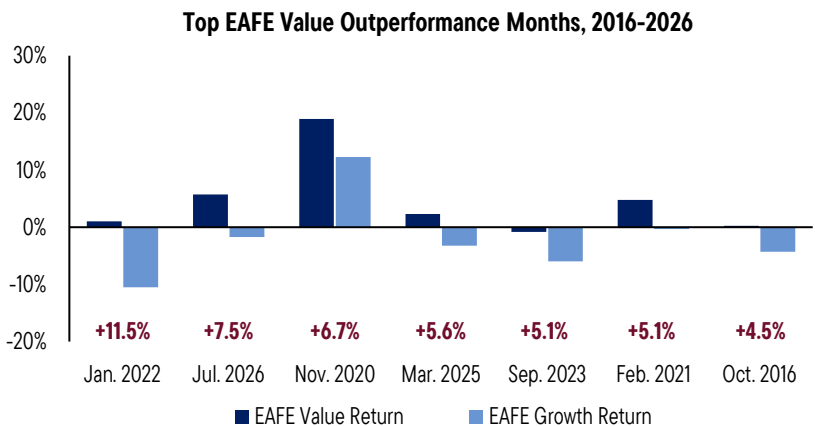
In July alone, the EAFE Growth Index declined 1.7% compared to a gain of 5.7% for the EAFE Value. This was the second-largest monthly performance differential in favor of value in the last 10 years. Year to date, value has outperformed growth by over 790 bps while over the trailing one-year period the differential is 1,490 bps. This value dominance extends a trend that saw the largest calendar year performance advantage in 2025 for value in the more than 40-year history of the EAFE style indexes.

Exhibit 1: MSCI Growth vs. Value Performance



As of September 30, 2026. Source: FactSet.

Exhibit 2: EAFE Growth vs. EAFE Value Monthly Performance



As of July 31, 2026. Source: FactSet.

International growth equities have also experienced concentrated leadership and been impacted by meaningful changes to the composition of the EAFE Growth and Value indexes during the May reconstitution.

Growth stocks have thus far this year been driven by AI buildouts across sectors including consumer staples, consumer discretionary, industrials and, of course, technology. Behind this were the industry concentrations, leveraged ETFs and hedge funds playing the non-U.S. AI trade. This was followed by a sharp reversal in July and into August as investors questioned the return on investment from historically high AI capex and unwound highly leveraged bets on the AI buildout.

Value stock performance, on the other hand, has been driven more by geopolitics and the implications of rising inflation and interest rates. These three factors have seen extremes in the last few years, in large part due to the geopolitical conflicts across Europe and the Middle East. Interest rates have risen due to the return of inflation fears while the macro backdrop remains uncertain. We believe this environment

has been conducive to value companies that constitute a large part of the core EAFE Index and even more so, the EAFE Value.

Exhibit 3: Diversification a Headwind in Narrow Growth Market

Sector	Representative Portfolio (%)	MSCI EAFE Growth (Net) (USD) Index (%)	MSCI EAFE Value (Net) (USD) Index (%)
Industrials	25.3	28.5	9.5
Information Technology	20.0	19.9	2.7
Financials	12.8	12.0	40.2
Consumer Discretionary	10.9	10.2	6.0
Health Care	10.2	12.7	7.4
Materials	7.2	5.9	6.1
Consumer Staples	4.8	3.9	8.9
Communication Services	3.4	4.0	3.9
Utilities	2.4	1.7	5.6
Energy	1.0	0.6	7.2
Real Estate	0.0	0.5	2.4
Cash	2.0	0.0	0.0

As of September 30, 2026. Source: FactSet.

Performance Overview

The July growth selloff accounted for the bulk of the ClearBridge International Growth ADR Strategy's quarterly underperformance versus both EAFE and EAFE Growth benchmarks, with the heaviest losses occurring among the Strategy's IT and industrials holdings. An overweight to IT, an underweight to the strong-performing financials sector and selection in health care also hurt results. By the start of the third quarter, we believed the portfolio was well positioned but underestimated the degree of overexposure to AI-indexed stocks.

We have historically focused on high-quality growth companies with durable competitive advantages, strong returns on capital and attractive long-term growth prospects. This has included substantial exposure to structural beneficiaries of AI investment, such as ASML and Taiwan Semiconductor. During 2026, however, market leadership has broadened well beyond these established technology leaders. Some of the strongest returns have come from companies operating in more commoditized and historically cyclical industries, including memory, optical and electronic components as well as batteries.

The magnitude of the rerating in some of these companies has been extraordinary. Japanese memory chip maker Kioxia provides perhaps the clearest example. Its share price increased from approximately ¥10,000 at the beginning of the year to more than ¥100,000 by mid-June (up 10x), before subsequently correcting sharply (-50%) in July. While Kioxia represents an extreme case, similarly elevated returns and volatility were evident across a number of companies exposed to supply-constrained areas of the AI capital-expenditure cycle.

Many of these businesses had historically fallen outside our growth investment universe. They operated in industries characterized by commoditized products, significant cyclical, periods of excess

capacity and, in many cases, relatively weak long-term shareholder returns. The scale and speed of the current AI infrastructure buildout, however, created acute supply-demand imbalances across several of these markets, resulting in significant earnings upgrades and a rapid repricing of the companies exposed to them.

We recognized relatively early that AI-related demand would extend beyond semiconductors and into a much broader range of infrastructure components. What we underestimated was the speed and magnitude of the resulting earnings revisions and share-price appreciation in some of the more cyclical beneficiaries. As the strength of the underlying demand became clearer, we selectively added exposure to several of these areas. However, some of those investments were initiated after substantial appreciation had already occurred, leaving the Strategy more exposed to the sharp technical correction in July.

Importantly, our underperformance has therefore not reflected an absence of exposure to the AI investment cycle. Rather, it has reflected the particular character of market leadership in 2026, where a significant portion of benchmark returns was generated by higher-beta companies whose historical business quality and return profiles had generally not met our investment criteria.

Notably, our active repositioning left the portfolio overweight in stocks that fell 20% to 40% in the third quarter. From an individual security standpoint, seven of the eight largest relative detractors were AI infrastructure companies, many of which were among the Strategy's leading contributors in the previous quarter. These included semiconductor names Lasertec, Kioxia, Infineon, Tokyo Electron and ASM International. This cohort was at the center of the July AI unwind sparked by concerns around AI compute oversupply, execution of the latest high-bandwidth memory chips, cheaper Chinese AI models, doubts over AI capex returns and forced hedge fund deleveraging. Importantly, this was not an earnings problem: nearly every AI hardware company we own reported record results.

Similarly, high-voltage cable supplier Prysmian and power generation equipment manufacturer Siemens Energy are data center beneficiaries that were pulled down by reduced investor sentiment despite earnings continuing to be upgraded.

AI headwinds were partially offset by diversified contributions across our more value-like structural growth holdings. These included Mitsubishi UFJ and KBC in financials, which benefited from higher interest rates in Japan and Europe, respectively; Agnico Eagle Mines (a repurchase in materials) and Woodside Energy, which were lifted by rising gold, crude oil and natural resources prices. Meanwhile, Sony and Recruit Holdings, a Japanese owner and operator of job boards like Indeed, have shown resilience against fears that AI would disintermediate their businesses, benefiting from a rotation out of the crowded AI trade.

Portfolio Positioning

Expanding our structural growth exposure and taking advantage of oversold conditions to repurchase secular growers we like were the themes of our quarterly trading activity. We believe these moves balance our higher-beta AI exposure and will enhance our ability to participate effectively across a range of market and macro conditions.

German enterprise software maker SAP was the largest addition. After selling out of our position in April amid concerns that agentic AI could structurally disrupt the software-as-a-service (SaaS) industry, our view has since evolved. The evidence increasingly suggests SAP is better positioned to benefit from AI than most SaaS companies, given the mission-critical nature of its offering, deeply embedded customer relationships and ownership of uniquely valuable enterprise data and business context. We believe the company can become a key orchestration layer for enterprise agents through its expanding AI capabilities. Other repurchases included Hong Kong Exchanges & Clearing on improving trading volumes, Agnico Eagle Mines following a second-quarter correction in gold prices and Thomson Reuters on the potential for AI monetization of its proprietary legal and accounting data.

We sold out of semi cap equipment maker ASM International to better consolidate our semiconductor exposure and exited Swedish mining equipment manufacturer Sandvik as it reached our price target on strong organic order growth and margin expansion.

Outlook

We view the third-quarter selloff in AI-related portfolio holdings as rotational and sentiment driven — mainly the unwinding of the Situational Awareness and related hedge funds in the U.S. — as their fundamentals remain robust. We continue to participate in the long-term AI capital expenditure opportunity while maintaining our focus on companies where we believe growth can translate into durable earnings, attractive returns on capital and sustainable shareholder value.

Maintaining this meaningful and deliberate exposure to the AI theme while managing a prudent level of risk and sector weightings in the portfolio is where we are spending a lot of our time right now. AI remains a powerful trend with intermediate-term tailwinds — areas of the AI infrastructure buildout where scarcity and supply or service bottlenecks are creating pricing power and/or new sources of demand. This is occurring across not only semiconductors, but also advanced packaging, storage, networking and optical infrastructure. The global AI capital spending cycle is benefiting companies across Japan, South Korea, Taiwan and parts of Europe.

As active investors attuned to secular growth trends, we are willing to make substantial changes to improve our participation in such trends. While we saw some early signs of success from these efforts in the second quarter, we acknowledge that not all portfolio holdings will be immediately recognized for their growth attributes. This is where diversification and duration can work to our advantage.

Thematic impacts such as AI have become much more pervasive than in the past and it is leading us to regularly measure the correlation of our portfolio to different stocks in the benchmark and make adjustments accordingly. For example, we have reduced our overweights to IT, consumer discretionary and financials while establishing exposure to energy.

We are also upgrading our investment resources to better navigate a very narrow, trend-driven international equity market. We are using new tools and collaborating with ClearBridge's data science team to more closely monitor risk factors, evaluate our portfolio activity and more effectively leverage shared research across the firm.

Looking ahead, we expect AI to evolve beyond today's infrastructure beneficiaries into a much broader enterprise productivity theme. While the portfolio continues to invest across the AI supply chain — including semiconductor equipment, electrical infrastructure, utilities, cable manufacturers and other “picks-and-shovels” businesses — we believe the next phase of AI will be driven by adoption across financial services, health care, manufacturing and other industries, creating significant productivity gains and new business models.

Portfolio Highlights

During the third quarter, the ClearBridge International Growth ADR Strategy underperformed its MSCI EAFE and MSCI EAFE Growth benchmarks. On an absolute basis, the Strategy had positive contributions from three of the 10 sectors in which it was invested (out of 11 sectors total). The leading contributor was the financials sector, while the IT and health care sectors detracted the most.

Relative to the MSCI EAFE Index, stock selection in IT, health care, industrials, consumer discretionary, financials, materials and consumer staples hurt results, as did an overweight to IT and underweights to financials and energy.

Relative to the MSCI EAFE Growth Index, stock selection in IT, health care, industrials and consumer staples and an overweight to IT detracted from performance. Meanwhile, an overweight to energy was a marginal contributor.

On an individual stock basis, among the largest contributors to returns relative to the MSCI EAFE Index were Recruit Holdings as well as not owning AstraZeneca, Murata Manufacturing, Nestle and Novo Nordisk. The largest detractors were Lasertec, Kioxia, Prysmian, ASM International and Infineon Technologies.

In addition to the transactions mentioned above, the Strategy initiated positions in MTU Aero Engines, Komatsu and Techtronic Industries in industrials, Linde in materials and Nintendo in communication services. We exited a position in Pan Pacific International Holdings in consumer discretionary.

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