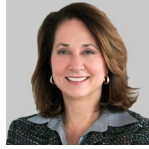




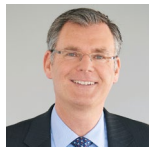
International Growth ADR Strategy



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Key Takeaways

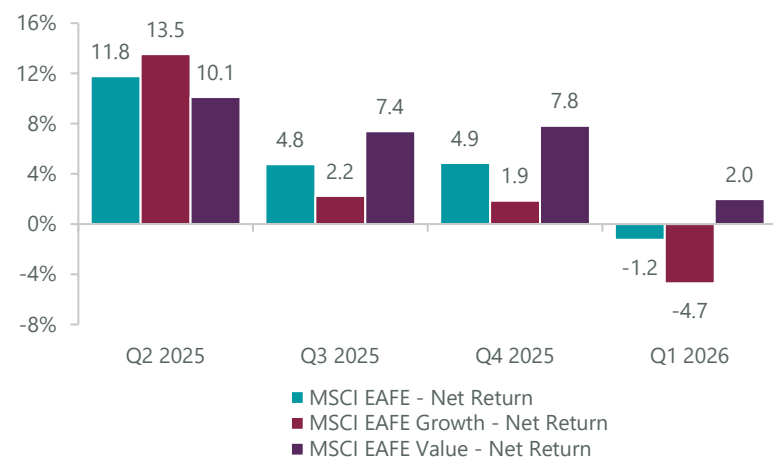
- ▶ Geopolitical shocks stalled a solid start to the year for international equities, with value stocks holding up much better than growth as commodity prices soared and inflation risks rose.
- ▶ The Strategy underperformed its core benchmark due to limited energy exposure and a March selloff in higher-beta holdings but outperformed its growth benchmark.
- ▶ We see a better setup for the Strategy as growth's valuation premium narrows and we reposition into emerging areas of growth like Japan.

Market and Performance Overview

International equities declined meaningfully in March as the U.S. and Israel's military conflict with Iran escalated materially through the month, leading to mixed results for the first quarter after two positive months. The core benchmark MSCI EAFE Index finished down 1.2% yet extended its leadership over the S&P 500 Index (-4.3%). Value stocks outside the U.S. continued to exhibit strength, with the MSCI EAFE Value Index managing a gain of 2.0% for the quarter, outperforming the MSCI EAFE Growth Index (-4.7%) by 670 basis points. Value is ahead of growth by over 1,700 bps for the trailing 12 months.

While international markets had been preparing for a period of lower rates, which would have been beneficial to growth stocks generally, rates began to move higher following the start of the Middle East conflict. Equity markets are still grappling with long-term implications of these moves and, most importantly, their duration.

Exhibit 1: MSCI Growth vs. Value Performance



As of March 31, 2026. Source: FactSet.

We are seeking out companies supporting energy security and benefiting from increased fiscal spending in Europe.

With continued headwinds from value leadership, especially in energy, the ClearBridge International Growth ADR Strategy underperformed its primary MSCI EAFE benchmark but outperformed its secondary MSCI EAFE Growth benchmark.

The biggest obstacle affecting relative performance was a lack of traditional energy exposure in a three-month period which saw the energy sector soar 40%. Given the selloff in March, higher-beta names in areas such as financials, consumer discretionary and information technology (IT) names were most impacted.

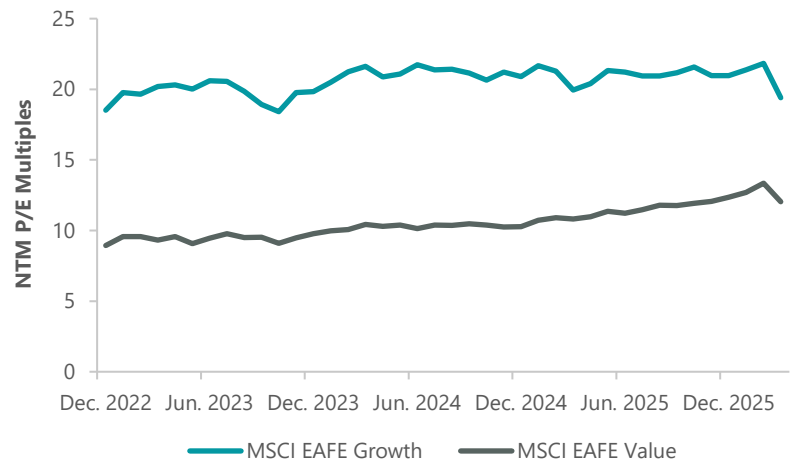
The Iran conflict created immediate oil and gas supply disruptions that directly affect an energy-dependent Europe already struggling with the cutoff of Russian energy due to the war in Ukraine. Closure of the Strait of Hormuz also raised the risk of higher inflation from commodity price spikes and caused the European Central Bank to reverse course on what was expected to be a continued program of rate cuts. These rapid and dramatic changes, combined with profit taking after strong performance in 2025, sent the financials sector down 3.7% for the quarter and pressured portfolio holdings Adyen, Intesa Sanpaolo and NatWest Group.

Banks, particularly European banks — which represent our largest exposure — saw some profit taking after a standout 2025 and have also served as a source of funding for banks in other regions, insurance companies and stock exchanges, all of which are perceived as more defensive. Notably, Australian and Canadian banks have shown resilience, being less affected by rising oil and gas prices or potential rationing. Over the quarter, we trimmed some of our banking exposure as several holdings approached their target prices.

The launch of Claude Cework and other generative AI tools in the quarter heightened concerns that AI-native solutions could alter competitive dynamics in IT, increase pricing pressure, extend the sales cycle or compress long-term growth rates. As a result, the software sector — historically viewed as stable and durable due to high recurring revenue and strong retention — experienced broad-based multiple contraction. This dynamic impacted nearly all software companies, including those we believe are relatively well-positioned to benefit from AI or are less susceptible to disruption. We broadly reduced the portfolio's software exposure in the quarter, including cutting Germany's SAP by roughly two-thirds.

Despite this short-term weakness, we are optimistic about the outlook for international growth stocks and confident that the work we have put into the portfolio in recent quarters positions the Strategy very well for improved outcomes going forward. After an extended period of value outperformance, we believe growth stocks have given up much of their valuation premium.

Exhibit 2: International Growth Premiums Have Compressed



As of March 31, 2026. Source: FactSet.

Portfolio Positioning

We saw indiscriminate selling in March across our investable universe, especially among what we consider emerging growth companies with higher revenue growth and innovative business models that carry higher risk. We used the spike in volatility to repurchase shares of video streamer Spotify. Prior to the conflict-driven selloff, we exited Shopify and MercadoLibre as they reached our price targets.

We are also seeking out companies supporting energy security and benefiting from increased fiscal spending in Europe; these include defense stocks and those enabling electric grid infrastructure such as new buy French utility Engie. Supporting our expectation of higher infrastructure spending in Europe as well was the purchase of U.K.-based global mining company Rio Tinto, the world’s largest miner by revenue and second largest by profit. While its business has historically been dominated by iron ore, more than half of its future profits will be generated from copper, aluminum, lithium and other industrial metals in high demand.

In addition, we continued to move more meaningfully into Japan with five new positions that reflect our confidence in a number of tailwinds: the country is an outlier in developed markets in that interest rates are rising, which should meaningfully boost net interest margins for banks; ongoing governance reforms are driving higher returns on equity and increasing shareholder-friendly actions such as stock buybacks; and expansionary fiscal policy under the consolidating Takaichi administration that should support domestic demand, defense spending and technology investment.

We purchased ORIX, which provides capital and financing to public and private sector clients and operates its own real estate and renewable energy assets; Pan Pacific International Holdings, an operator of discount retail chains; Shin-Etsu Chemical, a supplier of

specialty materials to the semiconductor, construction and pharmaceutical sectors; and Sumitomo Electric Industries, a manufacturer of electrical components that power grid connection, transmission and data networking equipment. A portion of these buys came were funded from the sale of European aerospace and defense contractor Airbus which was approaching our price target.

Within IT, we are roughly neutral to the semiconductor capital equipment industry after taking some profits in the strong-performing ASML. We diversified exposure to this critical picks and shovels area of AI buildouts with the first-quarter additions of ASM International and Lasertec. ASM is the leader in atomic layer deposition, a precise deposition technique required in the most advanced semiconductors. The Dutch company's main clients are logic foundries Taiwan Semiconductor, Samsung and Intel, as well as memory foundries SK Hynix and Micron Technology. Foundries and wafer fab equipment providers like the ASM work closely, which gives the firm insight into the customer's innovation and product road maps. Japan's Lasertec is a pure-play leader in inspection and measurement equipment that is well-positioned to benefit from the emerging growth drivers of extreme ultraviolet (EUV) memory adoption and AI infrastructure. We took advantage of an attractive entry point given that the company is at trough earnings with order recovery ahead.

The sales of Japanese IT consultant Nomura Research Institute and U.K. business information provider RELX were driven in part by negative sentiment over AI disintermediation risks that are currently overwhelming the fundamentals of these businesses. We exited Israeli security software maker Check Point because our thesis on revenue growth acceleration is taking longer to play out than expected.

Outlook

War has changed cost economics around the world, which we know is not good for Europe due to its energy dependence, as we saw during the early stages of the Russia-Ukraine war. How long this lasts and what the result will be has yet to be determined, especially with Iran controlling the Strait of Hormuz, and we must look at potential impacts across several areas. We are analyzing how inflationary pressures from higher commodity prices could impact consumers, as well as what they mean for input prices for industrial and materials companies.

We have also been carefully vetting the portfolio to be better in tune with the current risk environment and ensure we are appropriately positioned for the next leg of growth. We have reduced our IT overweight while continuing to add to utilities and materials. We see these structural companies as the new growth stocks and have seen early signs validating our thesis. We have also been moving more

meaningfully into Japan, and to a lesser extent Australia, highlighting an overall priority to add in places where we see inexpensive valuations and rising earnings.

While the Strategy has very limited exposure to oil and gas stocks — which acted as a major performance headwind in the quarter — we are also looking at our energy exposure, achieved through owning utilities and select industrials, as a way to play defense and be well-positioned to participate in a period of surging power demand. This contributed to our decision to add a position in Australian LNG company Woodside Energy during the quarter.

Portfolio Highlights

During the first quarter, the ClearBridge International Growth ADR Strategy underperformed its MSCI EAFE Index benchmark but outperformed its MSCI EAFE Growth Index secondary benchmark. On an absolute basis, the Strategy produced positive contributions across three of the 11 sectors in which it was invested: industrials, materials and utilities. The consumer discretionary and financials sectors were the chief detractors.

We have been monitoring on a regular basis and reporting to our clients on the performance of the MSCI EAFE (core), MSCI EAFE Value and MSCI EAFE Growth indexes in order to provide context on market movements for growth investors.

Relative to the MSCI EAFE Index, overall stock selection and sector allocation detracted from performance. In particular, stock selection in consumer discretionary, financials, communication services and IT, an underweight to energy and an overweight to consumer discretionary weighed on results. On the positive side, stock selection in the industrials and health care sectors proved beneficial.

Relative to the MSCI EAFE Growth Index, overall sector allocation contributed to performance. In particular, overweights to materials and utilities, an underweight to IT and stock selection in industrials and health care supported results. Conversely, stock selection in consumer discretionary, financials, consumer staples and IT and an underweight to industrials hurt performance.

On an individual stock basis, the largest contributors to returns relative to the MSCI EAFE Index in the quarter were ASML in IT, Siemens Energy and BAE Systems in industrials, Agnico Eagle Mines in materials, and AstraZeneca in health care. The greatest relative detractors were Sea Limited in consumer discretionary, Nomura Research and SAP in IT, Tencent in communication services as well as Adyen in financials.

In addition to the transactions mentioned above, we repurchased shares in Deutsche Boerse in financials. The Strategy also closed positions in Argenx in health care, Celestica in IT and Ferrari in consumer discretionary.

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