

3rd Quarter 2014 Webcast

Classic Large Cap Value

Presented by

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Third Quarter 2014

- **Classic Large Cap Value ended the quarter underperforming the benchmark. The average gross return for Classic Large Cap Value accounts was -1.0% (-1.2% net) versus -0.2% for the Russell 1000 Value.**
- **The most recent quarter was the first with underperformance for the strategy since the first quarter of 2013.**
- **Despite the down quarter, Classic Large Cap Value still remains ahead of the benchmark year to date. The average gross return for Classic Large Cap Value accounts during that time was 9.0% (8.4% net) versus 8.1% for the Russell 1000 Value.**

**Supplemental Information to the attached Classic Large Cap Value GIPS-compliant Composite.*

*Performance results are presented gross and net of management fees and include the reinvestment of all income. Gross returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. Net of fee performance was calculated using the highest management fee as described in Part 2A of the firm's ADV, which is available upon request. The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values. The Russell 1000 Value® Index is a registered trademark of Russell Investments (©2014 Russell Investments). Indices are unmanaged and unavailable for direct investment. **Past performance is no guarantee of future results.***

Characteristics*

As of 9/30/2014

Third Quarter 2014

- Portfolio continues to be decidedly cheap compared to historical norm and relative to the Russell 1000 Value Index.

	9/30/2014	
	Representative Account	Russell 1000 Value Index
Price-to-Earnings	11.9x	17.3x
Price-to-Book	1.7x	1.8x
Price-to-Cash Flow	7.1x	10.9x
Dividend Yield	2.5%	2.3%
Weighted Avg Market Cap (\$B)	\$112.3	\$112.0
Median Market Cap (\$B)	\$36.2	\$57.8

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The views expressed represent the opinions of Brandywine Global and are not intended as a forecast or guarantee of future results. Brandywine Global's Classic Large Cap Value Representative Portfolio data represents the aggregate characteristics of all securities held and is included for informational purposes only. The actual characteristics with regard to any particular client account may vary based on any investment restrictions applicable to the account. Please refer to the GIPS-compliant performance presentations, which include performance footnotes, index descriptions and disclosures, as well as descriptions of the indices that Brandywine Global uses in connection with this strategy. The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values. The Russell 1000 Value® Index is a registered trademark of Russell Investments (©2013 Russell Investments). Indices are unmanaged and unavailable for direct investment. **Past performance is no guarantee of future results.**

Third Quarter 2014 Sector Attribution*

As of 9/30/2014

Classic Large Cap Value - Unrestricted Composite: -0.97%

Russell 1000 Value Index: -0.19%

	Classic Large Cap Value Representative Account		Russell 1000 Value Index		Relative Performance (BPS)		
	Sector Weight (Avg.)	Sector Return	Sector Weight (Avg.)	Sector Return	Stock Selection	Sector Allocation	Total
Consumer Discretionary	12.9%	-5.3%	6.3%	-1.3%	-51	-9	-60
Consumer Staples	1.3%	1.4%	7.0%	2.9%	-2	-18	-20
Energy	14.0%	-10.1%	13.6%	-7.7%	-38	-3	-41
Financials	29.4%	2.1%	28.7%	2.0%	4	2	5
Health Care	6.1%	3.6%	13.3%	2.5%	6	-17	-10
Industrials	9.2%	-7.5%	10.3%	-2.9%	-38	4	-35
Information Technology	13.7%	3.4%	9.2%	5.2%	-21	25	4
Materials	4.2%	-5.9%	3.4%	-1.6%	-18	-3	-21
Telecommunication Services	6.1%	11.7%	2.3%	1.0%	59	4	63
Utilities	--	--	6.0%	-4.4%	--	26	26
Cash	2.9%	0.0%	--	--	--	-2	-2

* Source: FactSet Portfolio Analysis, Basis Points (BPS) 100 basis points = 1%

**Supplemental Information to the attached Classic Large Cap Value GIPS-compliant Composite.*

The data represents the aggregate characteristics of all securities held in the Representative Portfolio, and is included for informational purposes only. The actual characteristics with regard to any particular client account may vary based on any investment restrictions applicable to the account. Please refer to the GIPS-compliant performance presentations, which include performance footnotes, index descriptions and disclosures, as well as descriptions of the indices that Brandywine Global uses in connection with this strategy. Gross performance returns include transaction costs but do not reflect the deduction of Brandywine Global's management fee. Data is obtained from FactSet PA (©2014, FactSet Research Systems, Inc.), and is believed to be reliable and accurate. The sectors or industries discussed herein should not be perceived as investment recommendations and securities within a sector or industry may no longer be held in an account's portfolio. It should not be assumed that investments in any of the sectors or industries listed were or will prove to be profitable. The views expressed represent the opinions of Brandywine Global and are not intended as a forecast or guarantee of future results. Performance returns and other data are current as of September 30, 2014. Past performance is no guarantee of future results.

Economic Outlook

As of 9/30/2014

- **Economic data still looks good**
 - Real-time indicators such as unemployment claims, auto sales, etc still suggest acceleration
 - Falling gas prices should be a positive for consumer confidence
 - The US seems unlikely to be impacted meaningfully by the Russia/Ukraine sanctions actions
- **A rise in interest rates appears to be approaching**
 - Open question remains the shape of curve
- **Oil price decline from last quarter was not our base case, but reflects ex-US weakness and increased world supply**

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Investment Outlook & Positioning

As of 9/30/2014

- **Our portfolio continues to trade at a meaningful discount to the index**
 - Investors at large appear to be nervous, and while we do not deny risks, we believe that the US economy will be fine
- **High conviction in our automotive manufacturer positions, which is reflected in their large weighting**
 - We believe the industry will act rationally on pricing and incentives
- **Continue to find new ideas**
 - Seven new companies added to the portfolio during the quarter
- **Focused on maintaining a long time horizon to take advantage of opportunities where the timing may be uncertain**

For Further Information

For more background on our products and to provide us with your feedback regarding this format for communication:

- e-mail us at client.service@brandywineglobal.com
- or phone us at 1-800-348-2499

Classic Large Cap Value Composite Disclosure

As of 6/30/2014 Results shown in USD

Period	Returns (%)				# of Accts	Market Value (MM)	Firm Assets (MM)	Composite Dispersion (%)	St. Dev. (% 3-Year Rolling)			Returns (%)				
	Composite Gross of Fees	Composite Net of Fees	R1000V ¹	SP500 ²					Composite	R1000V ¹	SP500 ²	Period	Composite Gross of Fees	Composite Net of Fees	R1000V ¹	SP500 ²
2014	8.59	8.21	8.28	7.14	23	6,059	57,590	0.84	14.54	12.82	12.09	QTD	5.92	5.74	5.10	5.23
2013	37.98	37.04	32.53	32.39	20	4,940	50,050	1.20	14.58	12.70	11.94	YTD	8.59	8.21	8.28	7.14
2012	22.83	21.99	17.51	16.00	23	3,565	42,894	0.32	16.77	15.51	15.09	1 Year	26.67	25.81	23.81	24.61
2011	-5.19	-5.85	0.39	2.11	31	3,520	33,122	0.14	19.83	20.69	18.71	3 Year	19.79	18.97	16.90	16.57
2010	13.79	13.01	15.51	15.06	30	3,834	31,996	-	20.46	23.18	21.85	5 Year	20.03	19.21	19.22	18.82
2009	29.75	28.86	19.69	26.46	4	40	29,199	-	18.36	21.10	19.63	7 Year	8.58	7.83	4.80	6.15
2008	-30.33	-30.83	-36.85	-37.00	1	13	32,755	-	12.91	15.36	15.08	10 Year	-	-	-	-
2007	7.37	6.63	-0.17	5.49	1	20	49,208	-	7.16	8.06	7.68	Since Inception	11.13	10.37	8.07	8.20
2006	22.63	21.79	22.24	15.79	1	20	39,241	-	-	-	-					
2005	8.79	8.03	7.07	4.91	1	17	26,332	-	-	-	-					

Period	Composite Return Gross of Fees (%)				Composite Return Net of Fees (%)				R1000V ¹ Return (%)				SP500 ² Return (%)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2014	2.51	5.92			2.34	5.74			3.02	5.10			1.81	5.23		
2013	11.11	6.45	5.41	10.67	10.93	6.27	5.22	10.48	12.31	3.20	3.94	10.01	10.61	2.91	5.25	10.51
2012	16.68	-5.97	7.76	3.89	16.48	-6.13	7.57	3.71	11.12	-2.20	6.51	1.52	12.59	-2.75	6.35	-0.38
2011	4.40	-2.81	-16.40	11.77	4.22	-2.98	-16.55	11.59	6.46	-0.50	-16.20	13.11	5.92	0.10	-13.87	11.81
2010	7.05	-12.53	10.34	10.15	6.87	-12.69	10.15	9.96	6.78	-11.14	10.13	10.54	5.39	-11.43	11.29	10.76
2009	-9.78	14.55	17.94	6.45	-9.94	14.36	17.75	6.27	-16.77	16.70	18.24	4.22	-11.01	15.93	15.61	6.04
2008	-8.58	-3.92	-6.83	-14.87	-8.75	-4.09	-7.00	-15.02	-8.72	-5.31	-6.11	-22.18	-9.44	-2.73	-8.37	-21.94
2007	1.06	7.10	2.69	-3.40	0.89	6.91	2.52	-3.57	1.24	4.92	-0.24	-5.80	0.64	6.28	2.03	-3.33
2006	6.22	-0.09	6.11	8.89	6.04	-0.27	5.93	8.71	5.93	0.59	6.22	8.00	4.21	-1.44	5.67	6.70
2005	1.64	1.16	3.21	2.51	1.46	0.98	3.04	2.33	0.09	1.67	3.88	1.28	-2.15	1.37	3.60	2.09

¹R1000V = Russell 1000 Value ²SP500 = S&P 500 Inception Date: 10/1/2004

Organization: Brandywine Global Investment Management, LLC (the "Firm") is a wholly owned, independently operated, subsidiary of Legg Mason, Inc. The Firm has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). For the periods July 1, 2000 through June 30, 2012, the Firm has been verified by Kreisler Miller. A verification includes assessing whether the Firm (1) complied with the composite construction requirements of the GIPS standards on a firm-wide basis, and (2) designed its processes and procedures to calculate and present performance results in compliance with the GIPS standards. A copy of the verification report is available upon request. Disclosed total firm assets represent the total market value of all discretionary and nondiscretionary, fee-paying and non-fee-paying assets under the Firm's management. Composite Description: Classic Large Cap Value Composite (the "Composite") Inception date: October 1, 2004. Creation date: October 1, 2004. The Composite includes all fully discretionary, fee-paying portfolios invested in the Classic Large Cap Value strategy (the "Strategy"). The strategy invests primarily in domestic equity securities with market capitalizations of greater than \$1 billion, and have a lower price to book (P/B) and price to earnings (P/E) ratios, but may also invest in select preferred, convertible, and debt securities. The large majority of securities will pay dividends and the overall portfolio aims to have a dividend yield equal to or greater than the Russell 1000® Value. This results in approximately 55 - 75 security positions in each portfolio. The Composite was previously named "Equity Income" (change date 3/1/10) and "Fundamental Large Cap Value Income Oriented" (change date 3/31/09). On June 1, 2010, 29 current Brandywine Global managed accounts met the defined criteria for inclusion in the Classic Large Cap Value Composite. Benchmark: The Composite returns are benchmarked to the Russell 1000® Value and Standard & Poor's® 500 Indices. The Russell 1000 Value Index offers investors access to the large-cap value segment of the U.S. equity universe. The Russell 1000 Value is constructed to provide a barometer of the large-cap value market. The S&P 500 is a broad measure of U.S. domestic large cap stocks. The 500 stocks in this capitalization-weighted index are chosen based on industry representation, liquidity, and stability. Performance Calculation: Preliminary data, if so noted, reflects unreconciled data for the most recent reporting period. Portfolios are valued daily on a trade date basis and include dividends and interest as well as all realized and unrealized capital gains and losses. Return calculations at the portfolio level are time-weighted to account for periodic contributions and withdrawals. Performance results are calculated on a before tax, total return basis. Prior to July 1, 2007, portfolios were included in the Composite beginning with the first full quarter of performance through the last full quarter of performance. After July 1, 2007, portfolios are included in the Composite beginning with the first full month of performance through the last full month of performance. Composite returns are reported on quarterly basis. The Composite returns consist of size-weighted portfolio returns using beginning of period values to weight the portfolio returns. Monthly linking of interim performance results is used to calculate quarterly and annual returns. Composite's valuations and returns are computed in U.S. Dollars ("USD"). The results are presented in USD or in other currencies (to accommodate overseas investors), the latter by converting monthly USD returns into other currency returns using the appropriate currency exchange rate returns. Gross returns reflect the deduction of trading expenses. Net of fee returns reflect the deduction of trading expenses and the highest investment management fees charged within the composite membership as stated in the fee schedule below. Composite dispersion is calculated using the asset-weighted standard deviation method for all portfolios that were in the Composite for the entire year. Composite dispersion is not presented for periods with five or fewer portfolios. The number of accounts and market values are as of the end of the period. Past performance is no guarantee of future results. A complete list describing the Firm's composites as well as any additional information regarding the Firm's policies for calculating and reporting performance results is available upon request. As a result of our internal review process during the quarter ended September 30, 2007, the performance results shown reflect certain immaterial revisions to performance information previously reported by the Firm for periods through June 30, 2007. Fee Schedule: The Institutional Client Separate Account Management Fee Schedule (minimum initial investment: \$10 million): 0.700% on the first \$10 million; 0.500% on the next \$40 million; 0.450% on the next \$50 million; 0.350% on the next \$100 million, and 0.250% on any portion of assets in excess of \$200 million. Additional information on the Firm's fee schedule can be found in Form ADV Part 2A which is available upon request.