

# Unconstrained Fixed-Income Investing

## The Alternative "Alternative"

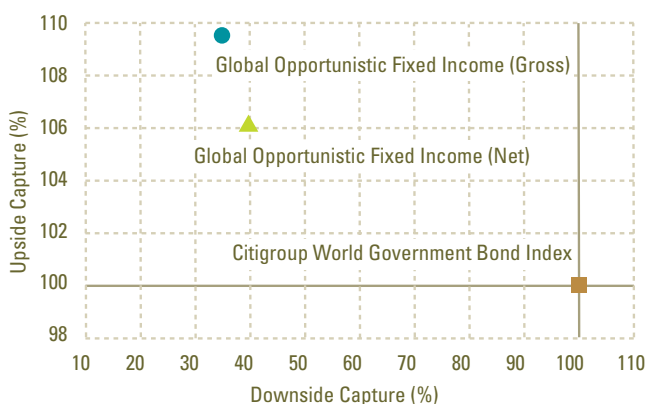
### THE FOLLIES OF BENCHMARKING

Our Global Fixed Income team has managed global bond portfolios since the early 1990s. In some ways we consider ourselves pioneers in unconstrained fixed income investing since we have been managing our portfolios in a benchmark-agnostic manner for 25 years. We consider global bond benchmarks to be flawed because of their construction methodology, whereby weightings are based upon the amount of eligible issuance. For example, the largest issuers of debt are assigned the largest weights in the benchmark.

### OUR FLAGSHIP APPROACH TO UNCONSTRAINED INVESTING

We have always maintained that this approach to index construction creates a misalignment of interests between issuers and investors; instead we have employed a top-down, macro-driven, value-oriented approach to portfolio construction that has served us well over time. One of the significant benefits of this value-driven approach has been our tendency to outperform the market during periods of negative performance for the indices, resulting in our strong down-market capture. As you see in **Figure 1**, since the inception of our flagship Global Opportunistic Fixed Income strategy, we have captured only 40% of the market downside since 1998.

**Figure 1** Global Opportunistic Fixed Income Upside Capture vs. Downside Capture %, As of 9/30/2017



Source: Brandywine Global

**Richard Lawrence**  
 Senior Vice President,  
 Portfolio Management

**Kevin O'Neil**  
 Vice President,  
 Investment Performance  
 and Risk Analysis



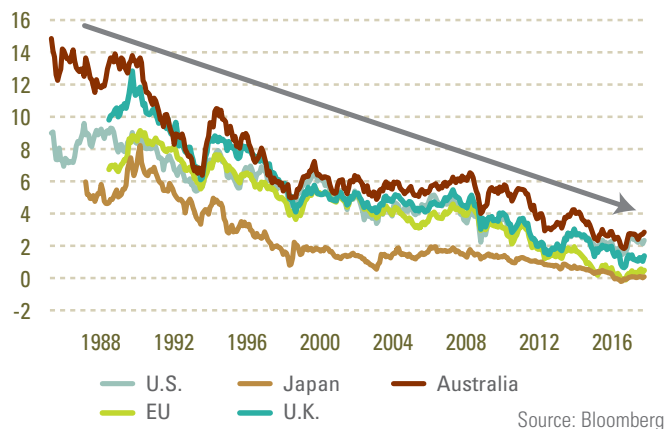
Brandywine Global Investment Management, LLC  
 1735 Market Street, Suite 1800 / Philadelphia, PA 19103  
 North America: 215 609 3500 (U.S.)  
 416 860 0616 (Canada)  
 Europe: +44 20 7786 6360  
 Asia: +65 6536 6213  
[brandywineglobal.com](http://brandywineglobal.com)

## ENHANCING OUR UNCONSTRAINED STRATEGY

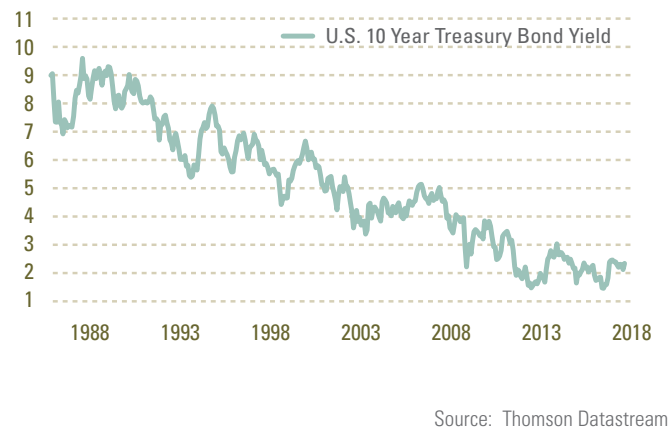
While we always enjoy beating the market, as the old saying goes, you can't eat relative returns. Therefore, we have developed an arsenal of unconstrained products over the last decade to meet investor demand for more flexibility, whether it's through the management of duration, country yield curves, sectors, currencies, credit quality or a combination of these factors. Since June 2008, we have advanced our investment approach to incorporate the ability to establish short positions in bond, interest rate, and currency markets. Importantly, in doing this, we did not need to change how we manage portfolios or how we thought about the world philosophically. Instead, we simply broadened our portfolio toolkit. Given our value-oriented approach, we believe this progression of our capabilities was a natural evolution, creating the opportunity to earn positive returns from assets declining in price while employing short positions as direct or implied hedges against other portfolio positions.

In the current environment, we cannot overstate the importance of this enhancement to our approach. It feels as though we have been discussing a potential rising rate environment forever, and we have certainly experienced some periods of rising rates—think Taper Tantrum in 2013, the Bund Tantrum in 2015, and in the weeks following President Trump's November 2016 election victory. Whether we are at the beginning of a sustained rising-rate environment is still debatable. What is not debatable is that we have been in a 30-year secular bull market for fixed income. We at Brandywine Global do believe that we are near the end of this virtuous environment for bonds. Whether it ends slowly and gradually, or quickly and violently, we take the view that we are at or near the cycle lows in yields. This implies a return stream for traditional fixed income that is at best mediocre, and at worst creates negative returns for long-only investors given historically low yields with greater price sensitivity (see [Figure 2](#) and [Figure 3](#)).

**Figure 2** 10-Year Government Bond Yields %, As of 9/30/2017



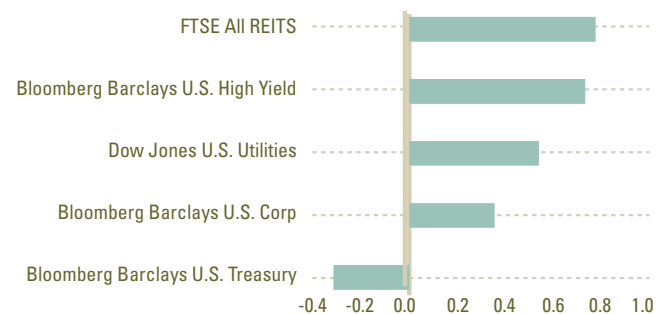
**Figure 3** 10-Year Treasury Bond Yield %, As of 9/30/2017



Either way, this is clearly an environment that becomes more challenging for the investor who uses a long-only strategy to navigate through an increasingly complex bond market. In their search for greater yield potential, investors have responded by increasing their allocation to credit sectors, thereby typically reducing overall portfolio credit quality, or moving into "bond-like" equities such as real estate investment trusts (REITs) and utilities. These shifts may have reduced their exposure to interest rate risk but only serve to increase the systematic risk of the portfolio, particularly in regard to a higher degree of correlation to the broader equity market (see [Figure 4](#)).

We believe that our long-only strategies have their place in a diversified portfolio and will continue to outperform traditional global bond indices, although the return opportunity through a conventional, restricted approach has likely diminished. While there is no riskless reward, there could be "rewardless" risk. We believe that now is the time to consider accessing our skillset via a more flexible and adaptable toolset.

**Figure 4** Equity Alternatives 10-Year Correlation vs. S&P 500, As of 9/30/2017



## OUR SUITE OF UNCONSTRAINED SOLUTIONS

Brandywine Global offers several unconstrained fixed income solutions to serve investor goals. While all of these strategies are constructed from the same time-tested top-down, macro-driven, value-oriented framework, the objectives and guidelines of these strategies vary in order to allow our clients a variety of ways to access our skillset:

**Global Opportunistic Total Return:** A blend of the Firm's flagship long-only strategy and the Global Unconstrained Fixed Income strategy's short positions resulting in a long-biased portfolio with greater downside protection and potential alpha generation from a stronger dollar and increases in global interest rates.

OBJECTIVE	DURATION RANGE	CURRENCY RANGE	MIN. PORTFOLIO AVG. CREDIT QUALITY
Outperform WGBI by 300bps over 3-year cycle	-5 to +10	Up to 70% short	A-

**Global Multi Sector:** A tactical sector-rotation solution that seeks to generate high total return while protecting downside risk via duration, credit, and currency hedges. Has the flexibility to rotate up and down the quality spectrum to reflect the current macro environment, while diversifying risks across multiple countries, currencies, and sectors. Balances our team's top-down macro themes with bottom-up security selection to identify valuation opportunities.

OBJECTIVE	DURATION RANGE	CURRENCY RANGE	MIN. PORTFOLIO AVG. CREDIT QUALITY
Outperform Multiverse by 100bps over 3-year cycle	0-10	Up to 20% short	BB-

**Global Unconstrained Fixed Income:** An adaption of our flagship long-only global bond strategy that primarily focuses on under and overvalued countries and currencies across the investable global bond universe by employing long and short exposures across all factors. This strategy will opportunistically extend into credit during periods of relative attractiveness.

OBJECTIVE	DURATION RANGE	CURRENCY RANGE	MIN. PORTFOLIO AVG. CREDIT QUALITY
Cash + 300bps over 3-year cycle	-5 to +5	Up to 70% short	A-

**Global Unconstrained Fixed Income–Enhanced:** An extension of the Global Unconstrained Fixed Income product that has the additional ability to increase positions in high-conviction opportunities. The strategy's highly concentrated risk exposures seek to exploit large anomalies within the global bond universe.

OBJECTIVE	DURATION RANGE	CURRENCY RANGE	MIN. PORTFOLIO AVG. CREDIT QUALITY
Cash + 600bps over 3-year cycle	-10 to +10	Up to 150% short	None

**Global Alternative Credit:** A flexible high yield strategy that targets the best opportunities for total return, seeks to protect principal and generate a high income level, and uses active macroeconomic themes as a guide for its beta-hedging program and top-down valuation framework. The strategy looks to achieve these goals by tactically allocating across higher yielding fixed income global sectors that offer the most attractive combination of value and fundamentals.

OBJECTIVE	DURATION RANGE	CURRENCY RANGE	MIN. PORTFOLIO AVG. CREDIT QUALITY
U.S. dollar LIBOR + 600bps over 3- year cycle	-10 to +10	Up to 25% short	None

HISTORICAL CHARACTERISTICS RANGES\*

Figure 5 Modified Duration Ranges Years, 3/31/2013-9/30/2017

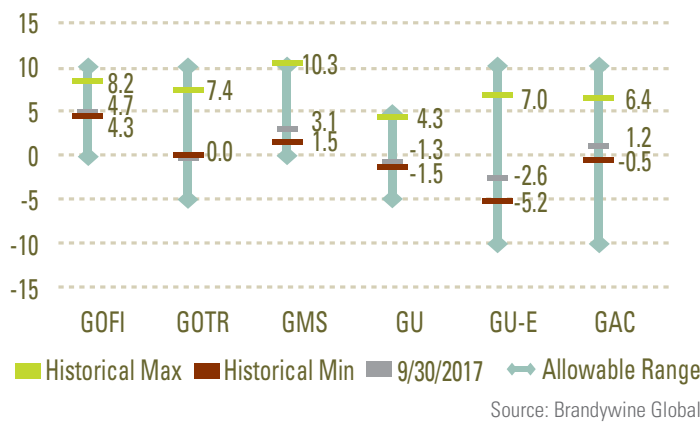


Figure 6 Yield-to-Maturity Ranges %, 3/31/2013-9/30/2017

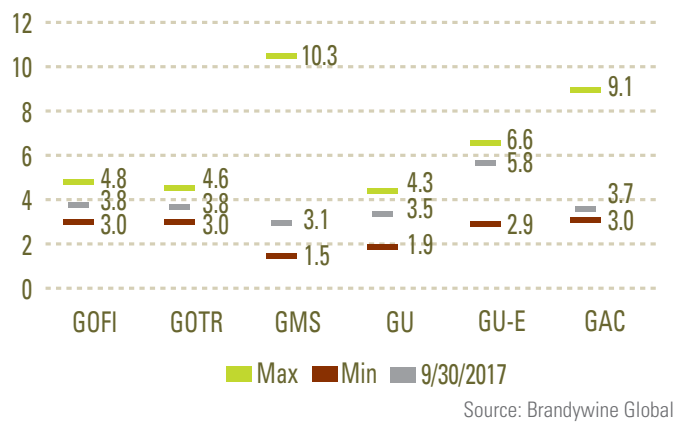
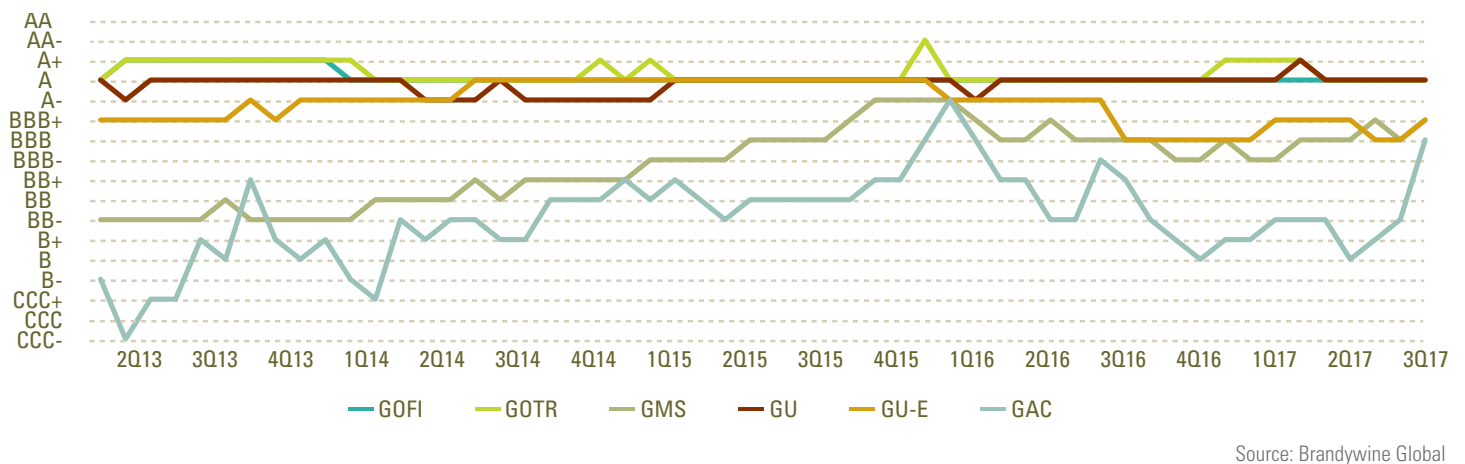


Figure 7 Historical Credit Ratings\* Blended Credit Quality, Since 3/31/2013-12/31/2016



1. GOFI = Global Opportunistic Fixed Income
2. GOTR = Global Opportunistic Total Return
3. GU = Global Unconstrained Fixed Income
4. GU-E = Global Unconstrained Fixed Income - Enhanced

5. GMS = Global Multi-Sector Income
  6. GAC = Global Alternative Credit
- \*Supplemental information to attached GIPS-compliant presentations

RISK-RETURN

Investors typically look for solutions that do not have a high correlation to traditional asset classes, particularly equities, when evaluating alternative strategies to include in their portfolios. **Figure 8** on the next page details the correlations of our investment solutions. The time period begins on March 31, 2013, and represents the overlapping period during which all five strategies have been managed. Therefore, some of the strategies have longer track records.

Obviously, the other desirable characteristic of such approaches would be attractive returns on a risk-adjusted basis relative to traditional strategies and markets. The table below outlines risk-adjusted performance for the solutions. We also include our flagship traditional Global Opportunistic Fixed Income strategy over the same time frame for comparative purposes. As you can see, all the strategies have outperformed Global Opportunistic Fixed Income over this time period and all with less volatility, resulting in higher Sharpe ratios.

Figure 8 Strategy and Index Risk-Return Profiles\* 3/31/2013-9/30/2017

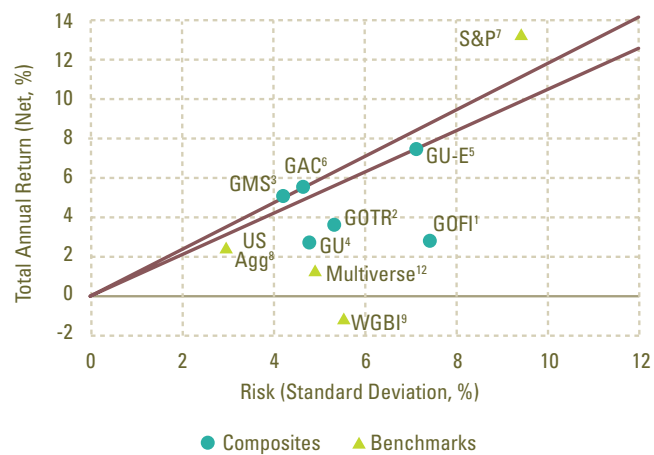
	NET RETURN	STD. DEV.	SHARPE RATIO	BETA				CORRELATION			
				VS. S&P 500	VS. GLOBAL AGG	VS. U.S. AGG	VS. U.S. HIGH YIELD	VS. S&P 500	VS. GLOBAL AGG	VS. U.S. AGG	VS. U.S. HIGH YIELD
GOFI <sup>1</sup> ●	2.56	7.34	0.32	0.25	1.26	1.72	0.82	0.33	0.79	0.62	0.66
GOTR <sup>2</sup> ●	3.80	5.13	0.70	0.19	0.46	0.89	0.52	0.36	0.39	0.50	0.58
GMS <sup>3</sup> ●	4.63	3.97	1.11	0.22	0.47	0.68	0.62	0.52	0.58	0.43	0.88
GU <sup>4</sup> ●	2.55	4.49	0.52	0.17	0.31	0.61	0.44	0.36	0.31	0.41	0.56
GU-E <sup>5</sup> ●	7.24	7.03	1.00	0.25	0.09	0.62	0.56	0.34	0.07	0.32	0.47
GAC <sup>6</sup> ●	4.86	4.21	1.11	0.11	0.21	0.44	0.40	0.24	0.18	0.32	0.45
S&P <sup>7</sup> ▲	13.44	9.61	1.38								
U.S. Agg <sup>8</sup> ▲	2.27	2.94	0.70								
WGBI <sup>9</sup> ▲	0.53	5.55	0.06								
Global Agg <sup>10</sup> ▲	1.11	4.80	0.19								
U.S. HY <sup>11</sup> ▲	5.65	5.42	1.00								
Multiverse <sup>12</sup> ▲	1.35	4.78	0.24								

1. GOFI = Global Opportunistic Fixed Income
2. GOTR = Global Opportunistic Total Return
3. GMS = Global Multi-Sector Income
4. GU = Global Unconstrained Fixed Income
5. GU-E = Global Unconstrained Fixed Income-Enhanced
6. GAC = Global Alternative Credit
7. S&P = S&P 500 (S&P)
8. U.S. Agg = Bloomberg Barclays U.S. Aggregate Index
9. WGBI = Citigroup World Government Bond Index
10. Global Agg = Bloomberg Barclays Global Aggregate Index
11. U.S. HY = Bloomberg Barclays U.S. Corporate High Yield Index
12. Multiverse = Bloomberg Barclays Multiverse Index

\*Supplemental information to attached GIPS-compliant presentations

Source: Bloomberg, Brandywine Global

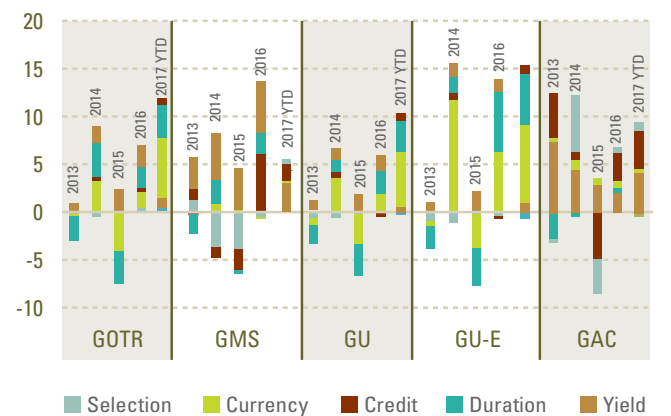
Risk vs. Return\* 3/31/2013-9/30/2017



### CONTRIBUTION TO RETURN

While the strategies share a common philosophy and research platform, they differ in their risk/return objectives and how each seeks to generate returns. Global Unconstrained Fixed Income, and its more opportunistic version Global Unconstrained Fixed Income-Enhanced, have historically derived most of their returns from long/short country, duration and currency positioning. Global Multi Sector has historically earned most of its return from allocations to undervalued credit sectors resulting in a higher income stream that is derived from rotating opportunistically towards the most attractive sectors while periodically hedging risk exposures. Global Alternative Credit has achieved a significant amount of return from its bottom-up, fundamental approach by uncovering value beyond the traditional fixed income asset classes. Finally, Global Opportunistic Total Return offers investors a blend of both global bond beta and total return by combining much of our traditional long-only portfolio with a short overlay that provides hedging, diversification, and return benefits. These outcomes are detailed in the factor return chart (see Figure 9).

Figure 9 Factor Returns 2013-9/30/2017



Source: Bloomberg, Brandywine Global

## CONCLUSION

So, is there still opportunity in traditional fixed income? Yes, there are certainly opportunities, provided investors work with an adept manager who offers a suite of strategies with flexible guidelines to help navigate through changing market conditions. At present, investors are facing a world of structurally low interest rates, and therefore "rewardless" risk may be on the rise. We have a variety of flexible solutions to help investors manage this current environment, at a time when traditional long-only bond strategies are falling out of favor.

If you would like any additional information on our unconstrained solutions, please contact a member of your Brandywine Global relationship management team.

\*Supplemental information to attached GIPS-compliant presentations

The views expressed represent the opinions of Brandywine Global Investment Management, LLC ("Brandywine Global") and are not intended as a forecast or guarantee of future results. All information obtained from sources believed to be accurate and reliable. Fixed income securities are subject to credit risk and interest-rate risk. High yield, lower-rated, fixed income securities involve greater risk than investment-grade fixed income securities. There may be additional risks associated with international investments. International securities may be subject to market/currency fluctuations, investment risks, and other risks involving foreign economic, political, monetary, taxation, auditing and/or legal factors. These risks may be magnified in emerging markets. International investing may not be suitable for everyone. Brandywine Global believes that transactions in any option, future, commodity, or other derivative product are not suitable for all persons, and that accordingly, investors should be aware of the risks involved in trading such instruments. There may be significant risks which should be considered prior to investing. Derivatives transactions may increase liquidity risk and introduce other significant risk factors of a complex character. All securities trading, whether in stocks, options or other investment vehicles, is speculative in nature and involves substantial risk of loss. Characteristics, holdings and sector weightings are subject to change and should not be considered as investment recommendations. Performance results are presented on a net of fees basis and reflect the deduction of, among other things, management fees, brokerage commissions, administrative expenses, and accrued performance fees, if any. Net performance includes the reinvestment of all dividends, interest, and capital gains. Indices are unmanaged and not available for direct investment. The Bloomberg Barclays U.S. Aggregate Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. 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. The CWGBI measures the performance of developed countries' global fixed income markets invested in debt issues of U.S. and non-U.S. governmental entities. The Bloomberg Barclays Global Aggregate provides a broad-based measure of the global investment-grade fixed income markets by including agencies, corporates and asset backed issues. The Bloomberg Barclays Capital U.S. Corporate High Yield Index covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, 144-As and pay-in-kind bonds (PIKs, as of October 1, 2009) are also included. The Bloomberg Barclays Multiverse Index is the merger of two index groups: the Global Aggregate Index and the Global High Yield Index. The FTSE All REITs Index is a market capitalization-weighted index that includes all tax-qualified real estate investment trusts (REITs) that are listed on the New York Stock Exchange, the American Stock Exchange or the NASDAQ National Market List. The Dow Jones U.S. Utilities Index is a member of the Dow Jones Global Indices family and is designed to measure the stock performance of U.S. companies in the utilities industry; the weighting method is float-adjusted market cap, targeting 95% market capitalization coverage. The Bloomberg Barclays US Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

All data current as of the date at the top of the page unless otherwise noted. This information should not be considered a solicitation or an offer to provide any Brandywine Global service in any jurisdiction where it would be unlawful to do so under the laws of that jurisdiction. **Past performance is no guarantee of future results.**

Global Multi-Sector Income Composite | As of September 30, 2017

ANNUALIZED RETURNS (%) (Results shown in USD)

	Gross	Net	USL3M	BGHY
QTD	1.92	1.78	0.33	2.84
YTD	5.80	5.37	0.90	9.48
1 Year	6.29	5.71	1.13	9.28
3 Year	4.95	4.19	0.67	5.86
Since Inception	5.45	4.63	0.53	5.79

Inception Date: 4/1/2013

GIPS INFORMATION (% , Unless Otherwise Noted) (Results shown in USD)

	Gross	Net	USL3M	BGHY	# of Accounts	Market Value (M)	Total Firm Assets (M)	Composite Dispersion	Composite Rolling 3Y SD	USL3M Rolling 3Y SD	BGHY Rolling 3Y SD
2017	5.80	5.37	0.90	9.48	2	133	73,890	-	4.19	0.11	5.93
2016	13.10	12.35	0.74	14.27	2	83	65,498	-	4.43	0.07	6.24
2015	- 1.69	- 2.57	0.31	- 2.72	2	86	68,819	-	-	-	-
2014	3.68	2.75	0.23	0.01	2	79	63,375	-	-	-	-
2013	4.13	3.43	0.20	5.86	2	12	50,050	-	-	-	-

USL3M = US 3M LIBOR | BGHY = Bloomberg Barclays Global High Yield Index

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, 2016, 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: Global Multi-Sector Income Composite (the "Composite") Inception date: April 1, 2013. Creation date: April 1, 2013. The Composite includes all fully discretionary, actively managed accounts with no minimum market value requirement and no investment restrictions within the Global Multi-Sector Income strategy. The Composite seeks to generate consistent alpha utilizing the investment team's best emerging market, credit, sovereign and currency ideas in the form of cash or derivative instruments. The use of these derivatives may increase the risk of the strategy. The Composite utilizes over-the-counter forward exchange rate contracts to manage its currency exposure. These contracts are valued daily using closing forward exchange rates. Brandywine uses WM/Reuters daily FX rates taken at 4 p.m. London time. Effective 5/31/16, the composite model fee was changed from 90bps to 55bps per year. Benchmark: The U.S. 3-Month LIBOR Index represents the performance of the 3 Month London Interbank Offered Rate (LIBOR) Fixing for U.S. Dollar. The rate is an average derived from the quotations provided by the banks determined by the Intercontinental Exchange (ICE) Benchmark Administration. USD LIBOR is calculated on an ACT/360 basis. The Bloomberg Barclays Global High-Yield Index provides a broad-based measure of the global high-yield fixed income markets. The Global High-Yield Index represents that union of the U.S. High-Yield, Pan-European High-Yield, U.S. Emerging Markets High-Yield, CMBS High-Yield, and Pan-European Emerging Markets High-Yield Indices. 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. 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. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month 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. Fee Schedule: Fees: Institutional Client Separate Account Management Fee Schedule (minimum initial investment: \$25 million): 0.55% fee on all assets of up to \$25m, 0.50% up to \$75m and 0.45% for \$100m or greater. Additional information on the Firm's fee schedule can be found in Form ADV Part 2A which is available upon request.

Past performance is no guarantee of future results.

©2017, Brandywine Global Investment Management, LLC. All rights reserved.

Global Opportunistic Fixed Income Composite | As of September 30, 2017

ANNUALIZED RETURNS (%) (Results shown in USD)

	Gross	Net	CWGBI	BLBCW
QTD	3.30	3.19	1.81	1.76
YTD	13.66	13.28	6.38	6.25
1 Year	6.77	6.29	- 2.69	- 1.26
3 Year	3.43	2.97	0.88	1.30
5 Year	3.28	2.82	- 0.43	0.48
7 Year	4.99	4.52	0.80	1.62
10 Year	6.29	5.81	2.95	3.31
Since Inception	8.02	7.49	4.47	4.58

Inception Date: 1/1/1998

GIPS INFORMATION (% , Unless Otherwise Noted) (Results shown in USD)

	Gross	Net	CWGBI	BLBCW	# of Accounts	Market Value (M)	Total Firm Assets (M)	Composite Dispersion	Composite Rolling 3Y SD	CWGBI Rolling 3Y SD	BLBCW Rolling 3Y SD
2017	13.66	13.28	6.38	6.25	25	11,402	73,890	0.39	7.34	5.73	4.81
2016	5.73	5.26	1.60	2.09	27	10,337	65,498	0.27	7.53	5.89	4.97
2015	- 8.04	- 8.46	- 3.57	- 3.15	28	11,427	68,819	0.18	6.19	4.39	3.90
2014	6.84	6.36	- 0.48	0.59	25	11,888	63,375	0.26	6.66	4.28	3.93
2013	- 3.23	- 3.67	- 4.00	- 2.60	27	10,079	50,050	0.18	6.83	4.60	4.36
2012	14.34	13.83	1.65	4.32	30	9,333	42,894	0.49	6.50	5.52	4.90
2011	8.64	8.15	6.35	5.64	35	6,993	33,122	0.45	8.33	7.57	6.53
2010	13.77	13.27	5.17	5.54	32	5,542	31,996	0.66	11.26	9.26	7.96
2009	21.10	20.57	2.55	6.93	33	5,532	29,199	1.16	10.95	8.83	7.53
2008	- 8.30	- 8.71	10.89	4.79	36	5,120	32,755	1.25	9.17	7.39	6.38
2007	10.71	10.19	10.95	9.48	35	6,394	49,208	0.24	5.16	5.48	4.40

CWGBI = Citigroup World Government Bond Index (Unhedged) BLBCW = 90% CWGBI / 5% ML High Yield Index / 5% JPM Emrg Markets Index

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, 2016, 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: The Global Opportunistic Fixed Income Composite (the "Composite") Inception date: January 1, 1998. Creation date: January 15, 2002. The Composite includes all fully discretionary, fee-paying, actively managed Global Fixed Income accounts with no minimum market value and flexible country, yield and/or credit quality mandates. Approximately 90% of the holdings consist of debts of governments or related agencies of developed countries with the remaining 10% in debts of governments of emerging countries and corporate high yield opportunities in developed countries that Brandywine believes are going to substantially increase in value due to improving fundamental factors that affect their valuation. The portfolios are typically invested in securities from 10 - 20 different countries. The Composite utilizes over-the-counter forward exchange rate contracts to manage its currency exposure. These contracts are valued daily using closing forward exchange rates. Brandywine Global uses WM/Reuters daily FX rates taken at 4 p.m. London time. Benchmark indices' exchange rates may vary from Brandywine's exchange rates periodically. Benchmark: The Citigroup World Government Bond Index measures the performance of developed countries' global fixed income markets invested in debt issues of U.S. and non-U.S. governmental entities. The Bloomberg Barclays Global Aggregate provides a broad-based measure of the global investment-grade fixed income markets by including agencies, corporates and asset backed issues. 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 a 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. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month 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. Fee Schedule: Institutional Client Separate Account Management Fee Schedule (minimum initial investment: \$75 million): 0.450% on the first \$50 million; 0.400% on the next \$50 million, and 0.350% on any portion of assets in excess of \$100 million. Institutional Client Commingled Account Management Investment Trust Fee Schedule (minimum initial investment: \$5 million): 0.450% on the first \$50 million; 0.400% on the next \$50 million, and 0.350% on any portion of the assets in excess of \$100 million. Institutional Client Commingled Account Management Global Investment Trust Fee Schedule (minimum initial investment: \$5 million): 0.450% on the first \$50 million; 0.400% on the next \$50 million, and 0.350% on any portion of assets in excess of \$100 million. Additional information on the Firm's fee schedule can be found in Form ADV Part 2A which is available upon request.

Past performance is no guarantee of future results.



Global Opportunistic Total Return Composite | As of September 30, 2017

ANNUALIZED RETURNS (%) (Results shown in USD)

	Gross	Net	CWGBI	C3MTB
QTD	2.95	2.77	1.81	0.26
YTD	11.28	10.69	6.38	0.56
1 Year	11.16	10.36	- 2.69	0.64
3 Year	4.99	4.22	0.88	0.29
Since Inception	4.57	3.80	0.53	0.21

Inception Date: 4/1/2013

GIPS INFORMATION (% , Unless Otherwise Noted) (Results shown in USD)

	Gross	Net	CWGBI	C3MTB	# of Accounts	Market Value (M)	Total Firm Assets (M)	Composite Dispersion	Composite Rolling 3Y SD	CWGBI Rolling 3Y SD	C3MTB Rolling 3Y SD
2017	11.28	10.69	6.38	0.56	4	362	73,890	-	5.36	5.73	0.09
2016	7.08	6.29	1.60	0.27	1	133	65,498	-	5.44	5.89	0.03
2015	- 4.93	- 5.65	- 3.57	0.03	1	237	68,819	-	-	-	-
2014	8.56	7.75	- 0.48	0.03	1	283	63,375	-	-	-	-
2013	- 0.54	- 1.10	- 1.26	0.03	1	393	50,050	-	-	-	-

CWGBI = Citigroup World Government Bond Index (Unhedged) C3MTB = Citigroup 3 Month T-Bill Index

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, 2016, 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 non-discretionary, fee-paying and non-fee-paying assets under the Firm's management. Composite Description: The Global Opportunistic Total Return Composite (the "Composite") Inception date: April 1, 2013. Creation date: April 1, 2013. The Composite includes all fully discretionary, fee-paying, actively managed Global Opportunistic Total Return accounts with limited client mandated restrictions. The Composite provides broad ranges of flexibility to be long or short bonds, interest rates, and currencies, but managed relative to the WGBI or other global bond index. The use of derivatives will increase risk in the strategy. The Composite utilizes over-the-counter forward exchange rate contracts to manage its currency exposure, these contracts are valued daily using closing forward exchange rates. Brandywine Global uses WM/Reuters daily FX rates taken at 4 p.m. London time. Benchmark indices' exchange rates may vary from Brandywine's exchange rates periodically. Benchmark: The Citigroup World Government Bond Index measures the performance of developed countries' global fixed income markets invested in debt issues of U.S. and non-U.S. governmental entities. The Citigroup 3-Month U.S. Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. Each month the index is rebalanced and the issue selected is the outstanding Treasury Bill that matures closest to, but not beyond 3 months from the rebalancing date. 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. 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. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month 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. Fee Schedule: Institutional Client Separate Account Management Fee Schedule (minimum initial investment: \$10 million): 0.700% on first \$75 mil, 0.650% on all remaining assets. Additional information on the Firm's fee schedule can be found in Form ADV Part 2A which is available upon request.

Past performance is no guarantee of future results.

©2017, Brandywine Global Investment Management, LLC. All rights reserved.

Global Unconstrained Fixed Income Composite | As of September 30, 2017

ANNUALIZED RETURNS (%) (Results shown in USD)

	Gross	Net	C3MTB	USL3M
QTD	2.32	2.15	0.26	0.33
YTD	9.39	8.82	0.56	0.90
1 Year	10.23	9.46	0.64	1.13
3 Year	3.57	2.81	0.29	0.67
5 Year	4.24	3.47	0.19	0.51
7 Year	4.52	3.60	0.16	0.47
Since Inception	5.19	4.17	0.23	0.64

Inception Date: 6/1/2008

GIPS INFORMATION (% , Unless Otherwise Noted) (Results shown in USD)

	Gross	Net	C3MTB	USL3M	# of Accounts	Market Value (M)	Total Firm Assets (M)	Composite Dispersion	Composite Rolling 3Y SD	C3MTB Rolling 3Y SD	USL3M Rolling 3Y SD
2017	9.39	8.82	0.56	0.90	9	5,647	73,890	0.30	4.64	0.09	0.11
2016	5.31	4.53	0.27	0.74	7	4,013	65,498	0.25	4.75	0.03	0.07
2015	-4.57	-5.29	0.03	0.31	9	4,635	68,819	0.21	4.53	0.01	0.02
2014	5.87	5.08	0.03	0.23	7	3,681	63,375	-	4.26	0.01	0.03
2013	2.32	1.56	0.05	0.27	6	2,996	50,050	-	3.86	0.01	0.03
2012	13.36	12.11	0.07	0.44	3	300	42,894	-	3.76	0.01	0.03
2011	1.20	-0.05	0.08	0.34	2	58	33,122	-	4.53	0.02	0.09
2010	5.06	3.77	0.13	0.35	2	278	31,996	-	-	-	-
2009	15.22	13.82	0.16	0.71	1	172	29,199	-	-	-	-
2008	-3.02	-3.73	0.81	1.69	1	134	32,755	-	-	-	-

C3MTB = Citigroup 3 Month T-Bill Index USL3M = US 3M LIBOR

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, 2016, 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: The Global Unconstrained Fixed Income Composite (the "Composite") Inception date: June 1, 2008. Creation date: June 1, 2012. The Composite includes all fully discretionary, fee-paying, actively managed Global Unconstrained Fixed Income accounts with limited client mandated restrictions. Portfolios are constructed by synthetically reproducing the alpha (independent of the beta) generated by the Firm's Global Opportunistic Fixed Income Strategy. The use of derivatives will increase risk in the strategy. Alpha can be synthetically reproduced based on securities held in the portfolio, or as an overlay on securities held by clients outside of the portfolio (Unfunded Notional Value). The Unfunded Notional Value (in millions) was \$210.4 at Dec 31, 2010; \$229.5 at Dec 31, 2009; and \$350.9 at Dec 31, 2008. This Unfunded Notional value is used in the asset-weighted composite return, but is not included in the Composite Market Value. No Commercial Paper will be employed to implement the Composite's strategy. The Composite utilizes over-the-counter forward exchange rate contracts to manage its currency exposure, these contracts are valued daily using closing forward exchange rates. Brandywine Global uses WM/Reuters daily FX rates taken at 4 p.m. London time. Benchmark indices' exchange rates may vary from Brandywine's exchange rates periodically. Effective March 31, 2016, the composite was changed from "Global Opportunistic Absolute Return" to more accurately reflect the strategy's investable universe. Benchmark: The Citigroup 3-Month U.S. Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. Each month the index is rebalanced and the issue selected is the outstanding Treasury Bill that matures closest to, but not beyond 3 months from the rebalancing date. The U.S. 3-Month LIBOR Index represents the performance of the 3 Month London Interbank Offered Rate (LIBOR) Fixing for U.S. Dollar. The rate is an average derived from the quotations provided by the banks determined by the Intercontinental Exchange (ICE) Benchmark Administration. USD LIBOR is calculated on an ACT/360 basis. 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. 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. The net of fee return does not include a performance incentive fee; it's comprised solely of the base management fee. 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. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month 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. Fee Schedule: The Institutional Client Separate Account Management Fee Schedule (minimum initial investment: \$50 million): 0.700% on the first \$75 million; 0.650% on any portion of assets in excess of \$75 million or a base fee of 0.15% plus 15.00% of performance in excess of the 3 month Treasury Bill (Citigroup Index). Institutional Client Commingled Account Management Fee Schedule (minimum initial investment: \$1 million): 0.700% Flat fee on all assets or a base fee of 0.15% plus 15.00% of performance in excess of the 3 month Treasury Bill (Citigroup Index) Additional information on the Firm's fee schedule can be found in Form ADV Part 2A which is available upon request.

Past performance is no guarantee of future results.

©2017, Brandywine Global Investment Management, LLC. All rights reserved.

Global Unconstrained Fixed Income - Enhanced Composite | As of September 30, 2017

ANNUALIZED RETURNS (%) (Results shown in USD)

	Gross	Net	C3MTB	USL3M
QTD	3.73	3.48	0.26	0.33
YTD	14.95	14.11	0.56	0.90
1 Year	21.25	20.07	0.64	1.13
3 Year	8.33	7.26	0.29	0.67
5 Year	9.38	8.29	0.19	0.51
Since Inception	9.38	8.29	0.19	0.51

Inception Date: 10/1/2012

GIPS INFORMATION (% , Unless Otherwise Noted) (Results shown in USD)

	Gross	Net	C3MTB	USL3M	# of Accounts	Market Value (M)	Total Firm Assets (M)	Composite Dispersion	Composite Rolling 3Y SD	C3MTB Rolling 3Y SD	USL3M Rolling 3Y SD
2017	14.95	14.11	0.56	0.90	4	1,000	73,890	-	7.51	0.09	0.11
2016	13.32	12.20	0.27	0.74	3	511	65,498	-	7.68	0.03	0.07
2015	-5.53	-6.47	0.03	0.31	3	391	68,819	-	7.19	0.01	0.02
2014	14.94	13.81	0.03	0.23	3	312	63,375	-	-	-	-
2013	6.41	5.36	0.05	0.27	2	108	50,050	-	-	-	-
2012	4.02	3.76	0.02	0.08	1	52	42,894	-	-	-	-

C3MTB = Citigroup 3 Month T-Bill Index USL3M = US 3M LIBOR

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, 2016, 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: The Global Unconstrained Fixed Income - Enhanced Composite (the "Composite") Inception date: October 1, 2012. Creation date: October 1, 2012. The Composite includes all fully discretionary, fee-paying, actively managed Global Unconstrained Fixed Income - Enhanced accounts with limited client mandated restrictions. Portfolios are constructed by synthetically reproducing the alpha (independent of the beta) generated by the Firm's Global Opportunistic Fixed Income Strategy. The use of derivatives will increase risk in the strategy. Alpha can be synthetically reproduced based on securities held in the portfolio, or as an overlay on securities held by clients outside of the portfolio (Unfunded Notional Value). The Composite utilizes over-the-counter forward exchange rate contracts to manage its currency exposure, these contracts are valued daily using closing forward exchange rates. Brandywine uses WM/Reuters daily FX rates taken at 4 p.m. London time. Benchmark indices' exchange rates may vary from Brandywine's exchange rates periodically. Effective March 31, 2016, the composite was changed from "Global Enhanced Absolute Return" to more accurately reflect the strategy's investable universe. Benchmark: The Citigroup 3-Month U.S. Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. Each month the index is rebalanced and the issue selected is the outstanding Treasury Bill that matures closest to, but not beyond 3 months from the rebalancing date. The U.S. 3-Month LIBOR Index represents the performance of the 3 Month London Interbank Offered Rate (LIBOR) Fixing for U.S. Dollar. The rate is an average derived from the quotations provided by the banks determined by the Intercontinental Exchange (ICE) Benchmark Administration. USD LIBOR is calculated on an ACT/360 basis. 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. 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. The net of fee return does not include a performance incentive fee; it's comprised solely of the base management fee. 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. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month 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. Fee Schedule: Institutional Client Separate Account Management Fee Schedule (minimum initial investment: \$50 million): Base fee of 1.00% of net assets or a base fee of 0.15% plus 15.00% of performance in excess of the 3 month USD T-Bill rate. Additional information on the Firm's fee schedule can be found in Form ADV Part 2A which is available upon request.

Past performance is no guarantee of future results.

©2017, Brandywine Global Investment Management, LLC. All rights reserved.

Global Alternative Credit Composite | As of September 30, 2017

ANNUALIZED RETURNS (%) (Results shown in USD)

	Gross	Net	USL600	BGHY
QTD	1.94	1.63	1.78	2.84
YTD	8.90	7.90	5.35	9.48
1 Year	10.37	9.01	7.13	9.28
3 Year	3.48	2.20	6.66	5.86
5 Year	6.82	5.32	6.50	6.44
7 Year	12.62	10.94	6.47	7.35
Since Inception	14.02	12.32	6.47	7.86

Inception Date: 9/1/2010

GIPS INFORMATION (% , Unless Otherwise Noted) (Results shown in USD)

	Gross	Net	USL600	BGHY	# of Accounts	Market Value (M)	Total Firm Assets (M)	Composite Dispersion	Composite Rolling 3Y SD	USL600 Rolling 3Y SD	BGHY Rolling 3Y SD
2017	8.90	7.90	5.35	9.48	4	577	73,890	-	4.14	0.10	5.93
2016	6.94	5.62	6.74	14.27	4	501	65,498	-	4.30	0.07	6.24
2015	- 4.01	- 5.21	6.31	- 2.72	4	918	68,819	-	4.18	0.02	5.68
2014	11.35	9.71	6.23	0.01	3	837	63,375	-	4.21	0.03	5.90
2013	9.00	7.12	6.27	7.33	1	48	50,050	-	4.79	0.03	7.90
2012	20.23	18.17	6.44	19.60	1	34	42,894	-	-	-	-
2011	19.91	17.86	6.34	3.12	1	4	33,122	-	-	-	-
2010	29.56	28.85	2.06	6.07	1	3	31,996	-	-	-	-

USL600 = US 3M LIBOR + 600bps    BGHY = Bloomberg Barclays Global High Yield Index

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, 2016, 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: The Global Alternative Credit Composite (the "Composite") Inception date: September 1, 2010. Creation date: September 1, 2010. The Composite includes all fully discretionary, fee-paying, actively managed Global Alternative Credit accounts with no composite minimums. The investable universe is generally comprised of high yield corporate bonds rated below BBB- or Baa3 by at least one rating agency and non-agency mortgage-backed and other mortgage related securities that are trading at distressed prices. The Strategy may also consider investment in unrated securities deemed to be of comparable quality, and may also take positions in bank loans, defaulted bonds and bank loans, investment grade corporate bonds, US Treasuries, credit default swaps, emerging market debt, equities (listed and unlisted), preferred stock, convertible securities, and currencies. In addition, the Strategy may also utilize futures, leverage, and take short positions in various investment instruments (including but not limited to equity index futures, equities, bonds, loans, CDS, etc.) to manage the beta and directionality of the portfolio. The portfolios are typically invested in 20-50 securities. Benchmark: London-Interbank Offered Rate (LIBOR) - British Bankers Association Fixing for US Dollar. The rate is an average derived from the quotations provided by the banks determined by the British Bankers' Association. BBA USD LIBOR is calculated on an ACT/360 basis and for value for two business days after the fixing. An annual return of 6.00% is then added to the return. The Bloomberg Barclays Global High-Yield Index provides a broad-based measure of the global high-yield fixed income markets. The Global High-Yield Index represents that union of the U.S. High-Yield, Pan-European High-Yield, U.S. Emerging Markets High-Yield, CMBS High-Yield, and Pan-European Emerging Markets High-Yield Indices. 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. 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. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month 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. Fee Schedule: Institutional Client Separate Account Management Fee Schedule (minimum initial investment: \$50 million): 1.250% flat fee on all assets or 1.000% base fee on market value and performance fee equal to the portfolio return minus 1% times 10%. Any additional information on the Firm's fee schedule can be found in Form ADV Part 2A which is available upon request.

Past performance is no guarantee of future results.

©2017, Brandywine Global Investment Management, LLC. All rights reserved.