Global Credit Review

4Q 2016

STRATEGY ASSETS

GLOBAL HIGH YIELD: $617 million
U.S. HIGH YIELD†: $610 million

COMPOSITE PERFORMANCE SUMMARY

GLOBAL HIGH YIELD	The strategy returned 1.28% (1.12% net) for the fourth quarter, while the Bloomberg Barclays Global High Yield Corporate Index returned 0.54% and the Bloomberg Barclays Global High Yield benchmark declined -0.19%.
U.S. HIGH YIELD	The strategy returned 1.52% (1.36% net) for the period, while the Bloomberg Barclays U.S. Corporate High Yield benchmark returned 1.75%.

PERFORMANCE HIGHLIGHTS

GLOBAL HIGH YIELD The Global High Yield strategy composite outperformed the benchmark for the quarter due to favorable sector, credit, credit quality, and currency selection.

- Credit selection contributed positively to relative outperformance versus the benchmark for the fourth quarter. Most of the largest contributors to relative performance were U.S.-based companies. Exposure to a leading U.S. wireless communications provider and a managed cloud provider with expertise in hosting and infrastructure added to performance. Two of the top contributors were in the energy sector with one company focused on exploration and production of oil while the other company's core business is more heavily focused on natural gas. Outside of the U.S., a Brazilian beef producer and a perpetual bond issued by a Brazilian bank both contributed positively to performance. The main detractors to relative performance proved to be those securities with longer duration and maturity, including a long-dated Italian telecom bond, as well as a U.S. propane distribution company. Investments in a pharmaceutical company as well as a cemetery operator also detracted from performance.
- Sector selection added to relative performance for the quarter. An overweight to the energy sector, including oil and gas producers as well as drilling equipment and service providers, contributed to outperformance versus the index. An underweight to sovereign debt and an allocation to U.S. high yield credit via a credit default swap index position also added to relative returns. Allocations to commercial mortgage-backed securities (CMBS) and an underweight to the capital goods sector modestly detracted from relative performance.
- Credit quality selection was accretive to relative performance for the quarter. An allocation to CCC-rated bonds and an underweight to BB-rated bonds added the most to performance. The average credit quality for the strategy as of the quarter end was B+.

Past performance is no guarantee of future results.

Gerhardt (Gary) Herbert, CFA
Portfolio Manager and Head of Global Credit

Brian L. Kloss, JD, CPA
Portfolio Manager and Head of High Yield

Regina G. Borromeo*
Portfolio Manager and Head of International High Yield

Tracy Chen, CFA, CAIA
Portfolio Manager and Head of Structured Credit

Michael Arno, CFA
Research Analyst

Brandywine GLOBAL

Brandywine Global Investment Management, LLC
2929 Arch Street, 8th Floor / Philadelphia, PA 19104

United States 800 348 2499 / 215 609 3500
Asia 65 6536 6213
Europe 44 (0) 207 786 6360
Toronto 416 860 0616
Montreal 514 789 4489

brandywineglobal.com

* Employee of Brandywine Global Investment Management (Europe) Limited. In rendering portfolio management services, Brandywine Global Investment Management, LLC may use the portfolio management services, research, and other resources of its affiliates.

- Currency selection contributed to relative outperformance for the quarter. The largest contributions to performance came from a relative underweight to the euro and a relative overweight to the Brazilian real versus the Bloomberg Barclays Global High Yield Index. An overweight to the Argentine peso and British pound sterling detracted modestly from relative performance.

U.S. HIGH YIELD The U.S. High Yield strategy composite slightly underperformed the benchmark in the fourth quarter. Credit selection and credit quality selection added to performance while sector selection was the largest detractor from relative performance for the quarter.

- Credit selection contributed positively to relative performance versus the benchmark for the fourth quarter. Four of the top contributors were in the energy sector, including one company primarily focused on oil exploration and production and another with a core business in natural gas. Positions in bonds issued by two drilling rig equipment and service providers also added to relative performance within the energy industry. Exposure to a leading U.S. wireless communications provider and a managed cloud provider with expertise in hosting and infrastructure added to returns. The main detractors to relative performance proved to be those securities with longer duration and maturity, including a residential mortgage-backed securities (RMBS) holding, a long-dated Italian telecom bond, as well as a U.S. propane distribution company. Investments in a pharmaceutical company as well as a cemetery operator also detracted from performance.
- Sector selection detracted from relative performance for the quarter. An overweight to consumer non-cyclicals detracted from relative performance, specifically exposure to pharmaceuticals. Small positions within long-maturity, U.S. dollar-denominated sovereign debt also weighed on returns. Additionally,

Past performance is no guarantee of future results.

PERFORMANCE[1]

GLOBAL HIGH YIELD COMPOSITE ($USD)

% RETURN	QTD	YTD	1 YEAR	2 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION[2]
Gross	1.28	14.42	14.42	5.00	3.66	7.15	8.74
Net	1.12	13.69	13.69	4.33	2.99	6.46	8.04
BGHYC[4]	0.54	13.99	13.99	4.09	2.78	6.96	7.27
BGHY[3]	-0.19	14.27	14.27	5.43	3.59	7.36	7.78

U.S. HIGH YIELD COMPOSITE ($USD)

% RETURN	QTD	YTD	1 YEAR	2 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION [5]
Gross	1.52	16.05	16.05	5.49	4.10	7.11	9.07
Net	1.36	15.31	15.31	4.81	3.43	6.43	8.37
BUSHY[6]	1.75	17.13	17.13	5.77	4.66	7.35	8.09

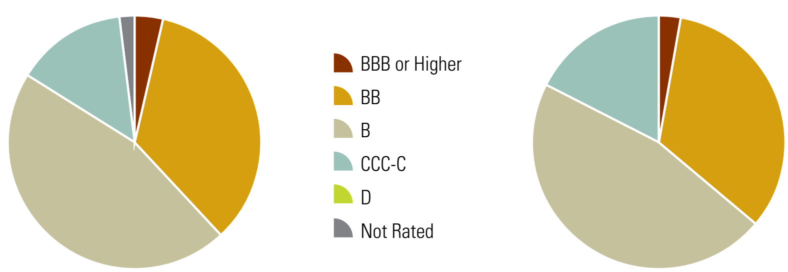
PORTFOLIO CHARACTERISTICS[1,7]

	GLOBAL HIGH YIELD		U.S. HIGH YIELD	
CHARACTERISTICS	PORTFOLIO	BGHY[3]	PORTFOLIO	BUSHY[6]
Average Quality	B1/BB-	B1/B+	B2/B+	B2/B+
Yield to Worst (%)	6.15	5.87	6.1	6.12
Modified Adjusted Duration (%)	3.91	4.22	4.11	4.11
Average Coupon (%)	6.78	6.34	6.58	6.50
Current Yield (%)	6.58	6.39	6.49	6.53

QUALITY ALLOCATIONS[1]

GLOBAL HIGH YIELD

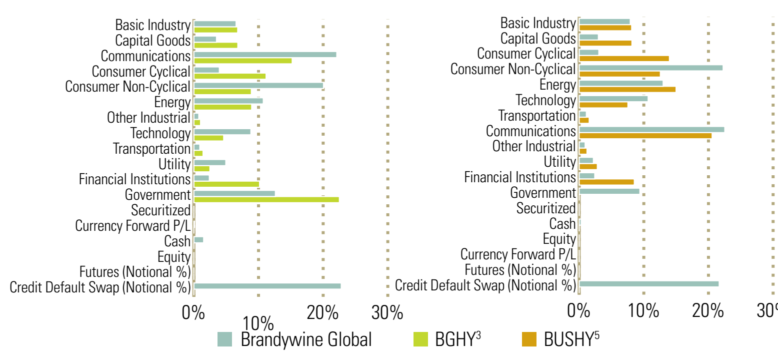
U.S. HIGH YIELD



SECTOR ALLOCATIONS[1]

GLOBAL HIGH YIELD

U.S. HIGH YIELD



exposure to select Latin American national oil companies detracted from performance within the government-owned, but non-guaranteed sector. Offsetting these positions, an allocation to U.S. high yield credit via a credit default swap index position and an underweight to the consumer cyclical sector added to relative returns.

- Credit quality selection was accretive to relative performance for the quarter. An allocation to CCC-rated bonds and an underweight to BB-rated bonds added the most to performance. The average credit quality for the strategy as of the quarter-end was B+.

CHANGES AND PORTFOLIO CHARACTERISTICS

The regional allocation of the Global High Yield strategy was approximately 37.7% non-U.S. at the end of the fourth quarter, with 18.4% in Europe and the remainder in Latin America and Canada. By the end of the period, over 70% of holdings were in U.S. dollar-denominated high yield corporate credit, with telecommunications and consumer non-cyclicals representing the largest sector weightings. We continued to reduce exposure to European credit given low rates and the growing risks stemming from the rise in populism and uncertainty surrounding several high-profile elections in 2017. We consolidated our emerging markets exposure, selling out of Indonesian sovereign bonds in favor of select Latin American local and hard currency assets, including both sovereigns and corporates. Specifically, the Global High Yield strategy is overweight relative to the benchmark in Argentina and Brazil. We believe these markets offer attractive nominal yields and improving fundamentals against a supportive and potentially improving macroeconomic backdrop. Furthermore, we anticipate that both markets should be relatively insulated from Trump's trade agenda. The strategy is short duration relative to the benchmark, as the team is actively seeking to isolate credit risk and reduce interest rate sensitivity by selling fixed-rate duration in favor of increased exposure to floating rates. In other changes during the quarter, bank loans were added and risk exposure was increased through a tactical credit default swap allocation via a U.S. high yield CDX index and a European senior financials CDX index. We contend that Federal Reserve policy is still accommodative and should bode well for credit-risk assets in the near term. Also, we believe European senior financials offer near-term value due to greater clarity and potential stability within the Italian banking sector.

From a currency standpoint, we maintained minimal foreign currency exposure to help reduce overall volatility. We decreased exposure to the U.S. dollar (82.0%), while maintaining long exposure to the Argentine peso (1.9%), Brazilian real (7.3%), and euro (6.9%), with incremental long positions in the latter two currencies. British pound sterling exposure was partially hedged.

At the end of the quarter, the Global High Yield strategy had a yield to worst of 6.15% and modified adjusted duration of 3.91years versus 5.87% and 4.22 years for the Bloomberg Barclays Global High Yield Index. The U.S. High Yield strategy had a yield to worst of 6.10% and a modified adjusted duration of 4.11 years versus 6.12% and 4.11 years for the Bloomberg Barclays U.S. Corporate High Yield Index. The Pan-European High Yield Index ended with a yield to worst of 3.50%.

MARKET COMMENTARY

After a bumpy, news-driven year, the fourth quarter hardly slipped quietly into the history books, particularly for global bond markets. Central bank announcements continued to feature prominently, with the Bank of Japan (BOJ) shifting to yield curve control and the European Central Bank announcing a nine-month extension to its asset purchase program, which was set to expire in March 2017, while lowering the amount of monthly bond purchases. In a widely anticipated move, the U.S. Federal Reserve (Fed) raised the federal funds target for the second time since the Global Financial Crisis. However, more surprising than the 25 basis point hike were the Fed's hawkish tone and revised dot plots. Financial markets also navigated geopolitical events, including Trump's surprising electoral victory and the Italian referendum. Better economic data continued to emerge, as third quarter gross domestic product growth was stronger than predicted in both the U.S. and eurozone, and U.K. economic data continued to surprise on the upside. At the same time, prospects for higher U.S. rates supported renewed strength in the U.S. dollar (USD). Rising interest rates and the improving macroeconomic backdrop prompted a sharp retreat in global bond markets. Bonds sold off broadly and global yields rose, with U.S. Treasury yields logging their largest quarterly gains in more than 20 years. Meanwhile, equity markets recorded a strong quarter, buoyed by prospects for improving growth. However, bonds recovered and equities retreated somewhat as the year neared a close, signaling a possible return to caution given the uncertainty ahead. All told, developed bond market yields remained low at the end of the period, with some, like the benchmark 10-Year Treasury, finishing the calendar year only slightly higher than the start.

Global credit markets were also affected by the widespread selloff in bonds. U.S. investment grade credit outperformed European corporates, but overall, high yield generally fared better during the quarter. In particular, higher-quality high yield was one of the strongest segments, especially relative to lower quality, below-investment-grade credit. Meanwhile, spreads tightened in both collateralized loan obligations (CLOs) and CMBS.

On the currency front, most global currencies fell to the USD rally, which was propelled by expectations for increased fiscal spending, tax cuts, and higher rates. Depreciation in the euro was further exacerbated by the rise in populism and growing uncertainty around several upcoming European elections. The Japanese yen and Mexican peso declined significantly after Trump's win given their sensitivity to the potential impact of tougher trade policies. Emerging markets were buffeted by the USD headwind and the prospect for higher rates, as both factors pose risks to the flow of cheap liquidity. Uncertainty increased in the wake of the U.S. election, and developing market equities saw a sharp reduction in inflows while bond markets experienced net outflows, particularly local currency bonds. Asian bonds and currencies fared the worst, given their export-driven economies and the questions surrounding future trade policies. Meanwhile, select Latin American countries fared better, with many currencies considered undervalued, and government reforms and stabilization in the commodity complex supporting the potential for stronger growth.

During the quarter, the primary high yield markets priced \$40.5 billion in the United States, \$9.2 billion in Europe, and \$15.5 billion in emerging markets. The global loan market priced \$101.8 billion of new issuance with \$79.6 billion in covenant-lite.

On an unhedged basis, energy (5.57%), finance companies (2.86%), and asset managers (2.37%) were the best performing sub-sectors for the quarter. Detracting from returns for the period were natural gas (-6.34%), other utilities (-4.05%), and sovereigns (-3.51%). Excluding the effects of currency, lower-quality segments outperformed significantly, including global high yield single Cs and CCCs, which returned 23.09% and 3.14%, respectively. However, the CC-rated segment declined -0.81%. Single Bs returned 0.72%, BBs returned -1.51%, and unrated bonds returned -0.39%.

On an option-adjusted spread basis, the Bloomberg Barclays Global High Yield benchmark narrowed by 71 basis points (bps) to 410 bps, down from 481bps at the end of September. The Bloomberg Barclays U.S. Corporate High Yield Index tightened by 71 bps to 409 bps, and the Pan-European High Yield Index tightened 46 bps to 379 bps.

Global default rates ticked higher from the prior quarter. The Bank of America Merrill Lynch Global High Yield Index trailing 12-month default rate was 4.63% at the end of December. By market, the U.S. high yield 12-month default rate was 6.99% and European high yield was 1.02%. The exception was emerging markets, where the overall default rate, at 4.42%, was modestly improved from the previous quarter.

OUTLOOK

We believe 2017 will be a year of uncertainty and surprises. Global economic growth already increased momentum since the middle of 2016. Following Trump's win, the market's expectation of the growth trend and future inflation accelerated dramatically, causing a sudden shift in interest rates during the fourth quarter. However, trade rhetoric and the strong dollar could overturn those expectations. Meanwhile, the macroeconomic picture is much more constructive than in recent periods, with economic data steadily improving in the U.K., Europe, and elsewhere. In the U.S., growth has the potential to be quite strong if the incoming administration is able to deliver on its promises of tax cuts and fiscal stimulus. There are trillions of excess cash reserves sitting idle on the balance sheets of U.S. commercial banks. If households and businesses start to borrow and spend again, the multiplier effects could be sizeable. In Europe, economic growth has picked up, the trade balance with the world is large at 3.3% of GDP, banking stresses are slowly abating, and the central bank is likely to start tapering sometime in late 2017. We believe these factors are all positives for Europe. The biggest risks are political and relate to the elections taking place this year, which could result in isolationists taking power. China remains central to global growth, and the country's playbook for 2017 has us concerned. China's credit impulse is already in retreat, narrow money growth has rolled over, and the central bank has been intervening to stabilize the currency—all a form of policy tightening. This trend suggests that by the second part of the year the momentum of Chinese expansion could likely taper off somewhat, leaving open the question of how policymakers might respond.

Putting the pieces of this macroeconomic backdrop together, we believe global credit and select emerging markets remain attractively valued, particularly when combined with the effects of loose monetary policy, improving fundamentals, strengthening commodity prices—which have helped to lower future expected default rates—and the potential for increased fiscal policy. These segments of the global bond markets also stand poised to benefit as the global search for yield continues, especially when compared to sovereign bonds in the core developed countries. We believe these safe-haven sovereigns offer little value given signs of an end to financial repression and the ascendance of the Trump administration, and against which we are duration-bearish. We believe our positioning in higher-quality credit, exposure to select emerging markets, and tactical duration management will work well during the transition from central bank bond buying through balance sheet expansion to an environment characterized by fiscal policy and regulatory reforms.

† U.S. High Yield formerly known as High Yield. Management style and team remain unchanged.

[1] Supplemental to attached Global High Yield and U.S. High Yield GIPS-compliant presentations. Periods greater than one year are annualized.

[2] Inception Date: January 1, 2010

[3] BGHY = Bloomberg Barclays Global High Yield Index (USD)

[4] BGHYC = Bloomberg Barclays Global High Yield Corporate Index (USD)

[5] Inception Date: January 1, 2010

[6] BUSHY = Bloomberg Barclays U.S. Corporate High Yield Index (USD)

[7] The "Blended Weighted Average Rating" is determined as follows: In line with the methodology used by Bloomberg Barclays Global indices, the middle rating from the three rating agencies (S&P, Moody's, and Fitch) will be assigned to each security. In the event that ratings are provided by only two agencies, the lowest rating will be assigned. If only one agency assigns a rating, that rating will be applied. If the security is not rated by one of the three major agencies, it is given a rating equivalent to a defaulted bond. The equivalent numerical rating is assigned to each security based on the Security Level scale. A Portfolio Level scale is applied on the weighted average calculation to round for fractional numerical ratings and then converted to an alpha weighted average rating. Cash is included and receives the highest rating.

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. In rendering portfolio management services, Brandywine Global may use the portfolio management services, research and other resources of its affiliates. Please note that portfolio securities may have been rated by another Nationally Recognized Statistical Rating Organization. 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. Gross returns presented do not reflect the deduction of investment advisory fees. A client's return will be reduced by the advisory fee and other expenses incurred in the management of the account. Net of fee performance was calculated using the highest management fee as described in Part 2 of the Firm's Form ADV, which is available upon request. Preliminary data, if noted, reflects unreconciled returns for the time periods listed above. There may be additional risks associated with international investments such as market/currency fluctuations, investment risks, and other risks involving foreign economic, political, monetary, taxation, auditing and/or legal factors. These risks are magnified in emerging markets. International investing may not be suitable for everyone. Fixed income securities involve interest rate, credit, inflation and reinvestment risk; and possible loss of principal. High yield bonds possess greater price, volatility, illiquidity and possibility of default. The data represent the aggregate characteristics of all securities held in the Representative Portfolio, an actual commission account not subject to taxation. Data obtained from Barclays Live and Bloomberg Finance, LP, which is believed to be accurate and reliable. Characteristics, quality and sector allocations are subject to change and should not be considered as investment recommendations. Individual client accounts may differ from characteristics and allocations shown. It should not be assumed that investments listed and account quality ratings were or will prove profitable, or that investment decisions we make in the future will be profitable. Brandywine Global's investment process may prove incorrect, which may have a negative impact on performance. Brandywine Global believes that transactions in any option, future, commodity, or other derivative product are not suitable for all persons, and that accordingly, clients 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.

The Bloomberg Barclays Global High-Yield Index (©2017 Barclays Bank PLC) provides a broad-based measure of the global high-yield fixed income markets. The Bloomberg Barclays Global High-Yield Index represents the union of the U.S. High-Yield, Pan-European High-Yield, U.S. Emerging Markets High-Yield, and Pan-European Emerging Markets High-Yield Indices. The Bloomberg Barclays Global High-Yield Corporate Index represents the corporate sector of the Bloomberg Barclays Global High Yield. The Bloomberg Barclays 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. The Pan-European High-Yield Index measures the market of non-investment grade, fixed-rate corporate bonds denominated in the following currencies: euro, Pounds sterling, Norwegian krone, Swedish krona, and Swiss franc. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below. Inclusion is based on the currency of issue, and not the domicile of the issuer. The BofA Merrill Lynch Global High Yield Index tracks the performance of USD, CAD, GBP, and EUR denominated below investment grade corporate debt publicly issued in the major domestic or eurobond markets. All indices are unmanaged and not available for direct investment.

Please refer to the attached GIPS compliant presentations, which include performance footnotes, fee schedules, index descriptions and disclosures. This material may not be reproduced or used in any form or medium without express written permission. Unless otherwise noted, performance returns and other data are current as of the date stated at the top of the page. Brandywine Global will not undertake to update the information at a later date. **Past performance is no guarantee of future results.**

Global High Yield Composite | As of December 31, 2016 | Results shown in USD - Final

ANNUALIZED RETURNS

	COMPOSITE RETURN GROSS OF FEES (%)	COMPOSITE RETURN NET OF FEES (%)	BGHY[3] (%)
QTD	1.28	1.12	-0.19
YTD	14.42	13.69	14.27
1 YEAR	14.42	13.69	14.27
3 YEAR	3.66	2.99	3.59
5 YEAR	7.15	6.46	7.36
7 YEAR	8.74	8.04	7.78

CALENDAR YEAR RETURNS

YEAR OR YTD	COMPOSITE RETURN GROSS OF FEES (%)	COMPOSITE RETURN NET OF FEES (%)	BGHY[3] (%)	NUMBER OF ACCOUNTS	MARKET VALUE (MILLIONS)	TOTAL FIRM ASSETS (MILLIONS)	COMPOSITE DISPERSION (%)	COMPOSITE ST. DEV. (% 3-YEAR ROLLING)	BGHY ST. DEV. (% 3-YEAR ROLLING)
2016	14.42	13.69	14.27	5	507	65,498	N/M	6.04	6.24
2015	-3.63	-4.25	-2.72	6	418	68,819	0.23	5.55	5.68
2014	1.02	0.37	0.01	6	495	63,375	N/M	5.53	5.90
2013	7.48	6.79	7.33	5	189	50,050	N/M	6.58	7.90
2012	18.02	17.26	19.60	4	128	42,894	N/M	7.00	8.97
2011	7.20	6.51	3.12	2	39	33,122	N/M	N/M	N/M
2010	18.73	17.98	14.83	1	18	31,996	N/M	N/M	N/M

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, 2015, the Firm has been verified by Kreischer 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 High Yield Composite (the "Composite") Inception date: January 1, 2010. Creation date: January 1, 2010. The Composite includes all fully discretionary, fee-paying, actively managed Global High Yield Non-Constrained accounts with no composite minimums. The holdings consist of high yielding instruments issued globally that Brandywine believes are going to produce a high level of current income and capital appreciation. The portfolios are typically invested in 50-100 securities. Effective 11/30/12, the secondary benchmark was changed to the BofA Merrill Lynch Global High Yield, which is more reflective of the strategy.

Benchmark

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.The BofA Merrill Lynch Global High Yield Index tracks the performance of USD, CAD, GBP, and EUR denominated below investment grade corporate debt publicly issued in the major domestic or eurobond markets.

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: $5 million): 0.650% on the first $25 million; 0.600% on the next $75 million, and 0.550% on any portion of assets in excess of $100 million. Institutional Client Commingled Account Management Global Investment Trust Fee Schedule (minimum initial investment: $1 million): 0.650% on the first $25 million; 0.600% on the next $75 million, and 0.550% 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.

U.S. High Yield Composite | As of December 31, 2016 | Results shown in USD - Final

ANNUALIZED RETURNS

	COMPOSITE RETURN GROSS OF FEES (%)	COMPOSITE RETURN NET OF FEES (%)	BUSHY[5] (%)
QTD	1.52	1.36	1.75
YTD	16.05	15.31	17.13
1 YEAR	16.05	15.31	17.13
3 YEAR	4.10	3.43	4.66
5 YEAR	7.11	6.43	7.35
SINCE INCEPTION 01/2010	9.07	8.37	8.09

CALENDAR YEAR RETURNS

YEAR OR YTD	COMPOSITE RETURN GROSS OF FEES (%)	COMPOSITE RETURN NET OF FEES (%)	BUSHY[6] (%)	NUMBER OF ACCOUNTS	MARKET VALUE (MILLIONS)	TOTAL FIRM ASSETS (MILLIONS)	COMPOSITE DISPERSION (%)	COMPOSITE ST. DEV. (% 3-YEAR ROLLING)	BCUSCHY ST. DEV. (% 3-YEAR ROLLING)
2016	16.05	15.31	17.13	6	545	65,498	N/M	5.96	6.00
2015	-4.11	-4.73	-4.47	5	262	68,819	N/M	5.42	5.26
2014	1.39	0.74	2.45	6	361	63,375	N/M	4.75	4.50
2013	8.94	8.24	7.44	5	144	50,050	N/M	5.84	6.41
2012	14.74	14.01	15.81	5	98	42,894	N/M	6.49	7.08
2011	9.63	8.93	4.98	2	29	33,122	N/M	N/M	N/M
2010	18.79	18.03	15.12	1	17	31,996	N/M	N/M	N/M

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, 2015, the Firm has been verified by Kreischer 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 U.S. High Yield Composite (the "Composite") Inception date: January 1, 2010. Creation date: January 1, 2010. The Composite (formerly known as the "High Yield Composite") includes all fully discretionary, fee-paying, actively managed U.S. High Yield Non-Constrained accounts with no composite minimums. The holdings consist of high yielding instruments primarily issued in the United States that Brandywine believes are going to produce a high level of current income and capital appreciation. The portfolios are typically invested in 50-100 securities. Effective 6/30/16, the composite name was changed from High Yield.

Benchmark
The Bloomberg Barclays Capital U.S. Corporate 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 BofA Merrill Lynch US High Yield Index tracks the performance of USD denominated below investment grade corporate debt publicly issued in the major domestic markets.

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: $5 million): 0.650% on the first $25 million; 0.600% on the next $75 million, and 0.550% 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.