Global Credit Review
3Q 2017

STRATEGY ASSETS

GLOBAL HIGH YIELD: $651 million
U.S. HIGH YIELD: $634 million

COMPOSITE PERFORMANCE SUMMARY

GLOBAL HIGH YIELD	The strategy composite returned 3.38% (3.21% net)[1] during the third quarter, while the Bloomberg Barclays Global High Yield Index returned 2.84% and the Bloomberg Barclays Global High Yield Corporate Index returned 2.75%.
U.S. HIGH YIELD	The strategy composite returned 2.81% (2.64% net)[1] for the period versus the Bloomberg Barclays U.S. Corporate High Yield index return of 1.98%.

[1]Supplemental to the attached Global High Yield and U.S. High Yield GIPS-compliant composite presentations.

PERFORMANCE HIGHLIGHTS

GLOBAL HIGH YIELD In the third quarter of 2017, the Global High Yield strategy outperformed the benchmark, primarily the result of security selection and sector allocation decisions.

- Security selection was a key driver of relative performance during the quarter with positive contributions from Brazilian local-currency sovereigns and hard currency, quasi-government owned corporations with exposure to banking and energy sectors. A Caribbean telecom provider, a chemical company with exposure to agriculture, and a U.S.-based company that provides computer-related products also contributed to performance. Detractors from relative performance included a California-based oil and gas exploration firm, and a specialty chemical company. Local-currency sovereigns and hard-currency quasi-sovereigns located in Latin America, Polish local-currency sovereign bonds, U.S. high yield credit default swap index (CDX), and a chemical company were among the leading absolute contributors to performance.
- Within sector selection, government and consumer cyclicals—as well as being long credit risk via U.S. high yield CDX were accretive to relative performance. Our exposure within government continued to focus on local-currency sovereign bonds in select markets that exhibit high real yields, attractive currencies, as well as select quasi-government owned corporates where credit risk continued to decline in concert with underlying economic recovery. Comparatively, the Bloomberg Barclays Global High Yield Index had a 25% exposure to hard-currency sovereigns and quasi-sovereigns. Our allocation to mortgage-backed securities (MBS) and technology detracted during the quarter due to underperformance relative to the index.
- Currency selection was accretive to relative performance in the quarter due to our underweight to the U.S. dollar in favor of exposures to the euro, Brazilian real, Peruvian sol, and British pound sterling.

Past performance is no guarantee of future results.

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The Mexican peso and Polish zloty detracted modestly during the quarter.

U.S. HIGH YIELD The U.S. High Yield strategy outperformed the benchmark for the period with credit selection and sector allocation each driving relative performance.

- Security selection within the communications, consumer cyclicals, and basic industry sectors were leading contributors to relative performance. A Caribbean telecom provider, a chemical company with exposure to agriculture, a U.S.-based computer products supplier, and a global auto company were among the key contributors to relative performance. Detractors from relative performance included a California-based oil and gas exploration company, a specialty chemical company, and a Canadian-based airline.
- Within sector selection, positive contributions from a long risk position via U.S. high yield CDX, an overweight to quasi-government owned corporates—specifically Brazilian companies with exposure to banking and energy—and an underweight to communications more than offset relative underperformance from non-index exposure to residential mortgage-backed securities (MBS) and an underweight in energy.

CHANGES AND PORTFOLIO CHARACTERISTICS

The regional allocation of the Global High Yield portfolio was approximately 28% non-U.S. at the end of the third quarter with 18% in Latin America, and 9% in Europe. The most notable net changes were a 4.5% increase in exposure to Latin America, a 3.3% reduction in Europe, and a 3% notional reduction in credit default swaps. At the end of the quarter, high yield corporate bonds accounted for 71% of holdings, with 70% of that exposure in U.S. dollar-denominated high yield corporate credit. The strategy's investment theme continued to emphasize the U.S. and Latin

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PERFORMANCE[1]

GLOBAL HIGH YIELD COMPOSITE ($USD)

% RETURN	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	7 YEAR	SINCE INCEP.[2]
Gross	3.38	9.24	10.64	5.61	6.50	8.10	9.10
Net	3.21	8.72	9.93	4.93	5.81	7.41	8.40
BGHYC[4]	2.75	9.29	9.88	5.13	6.10	6.96	7.77
BGHY[3]	2.84	9.48	9.28	5.86	6.44	7.35	8.26

U.S. HIGH YIELD COMPOSITE ($USD)

% RETURN	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	7 YEAR	SINCE INCEP.[5]
Gross	2.81	7.73	9.37	5.23	6.54	8.21	9.20
Net	2.64	7.22	8.67	4.55	5.85	7.52	8.50
BUSHY[6]	1.98	7.00	8.88	5.83	6.36	7.45	8.22

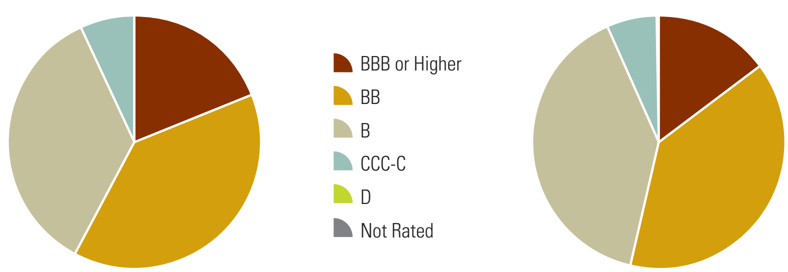
PORTFOLIO CHARACTERISTICS[1,7]

CHARACTERISTICS	GLOBAL HIGH YIELD PORTFOLIO	GLOBAL HIGH YIELD BGHY[3]	U.S. HIGH YIELD PORTFOLIO	U.S. HIGH YIELD BUSHY[6]
Average Quality	BB	B1/B+	BB	B1/B2
Yield to Worst (%)	4.80	5.11	4.64	5.45
Modified Adjusted Duration (%)	3.27	4.21	3.59	3.78
Average Coupon (%)	5.78	6.20	5.61	6.43
Current Yield (%)	5.39	6.09	5.28	6.32

QUALITY ALLOCATIONS[1]

GLOBAL HIGH YIELD

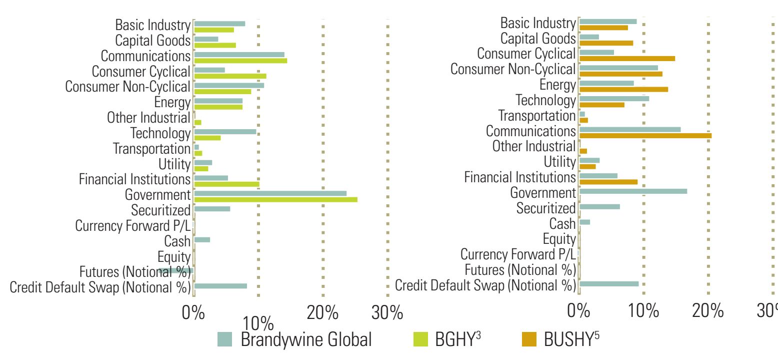
U.S. HIGH YIELD



SECTOR ALLOCATIONS[1]

GLOBAL HIGH YIELD

U.S. HIGH YIELD



American high yield credit, and some local-currency sovereign opportunities in Latin America in lieu of European credit where yields are on par with U.S. treasuries. Within Latin America, we closed our position in Argentine local-currency government bonds, added to our Brazilian beef and energy exposure, added long-dated Mexican bonos and Peruvian local-currency sovereigns. We had a 6.8% local-currency sovereign exposure via Brazil, Mexico, and Peru, and an additional 6.5% notional long credit risk in Brazil and Turkey credit default swaps (CDS). Each of these positions have their own idiosyncratic story whether it's the start of green shoots coupled with record low inflation and high real yields, as in Brazil's case, or a country such as Peru that offer yields higher than the credit market with single-digit net debt as a percent of gross domestic product (GDP). Within high yield corporate bonds, telecommunications (15.5%) and consumer non-cyclicals (11.2%) remained the largest sector weightings; however, they were both down from approximately 20% weightings at the beginning of the year as valuations tightened or had fully priced in merger and acquisition (M&A) activity. The Global high yield strategy's cash balance was 2.5%, bank loans were reduced to 0.9% from 5.1% last quarter, investment grade corporate bonds increased to 2.9% due to an upgrade of an existing position, and the U.S. MBS allocation was 5.7%.

During the quarter, we reduced our U.S. dollar by 5% bringing it to 74%, in favor of the euro (17%), Brazilian real (3.8%), increasing Mexican peso (2%) exposure back following state elections, and initiating exposure to the Peruvian Sol (1%). We sold Argentine local-currency sovereigns thus reducing our peso exposure to 0% and also cut British pound sterling to 0%.

MARKET COMMENTARY

Global credit market spreads continued to compress during the quarter, supported by improving growth, an uptick in manufacturing, and stronger corporate earnings. Higher beta corporates, including U.S. and European high yield and emerging market credit, generally outperformed investment grade and lower-volatility sectors. Despite the resurgence of regional political risk, the European Central Bank (ECB) signaled the future of its asset purchase program will be addressed at the October meeting as eurozone growth continued to exceed expectations. Once underway, reducing the ECB's asset purchases could put upward pressure on European corporate and sovereign yields, which have been trading at expensive levels. Improving growth helped propel the euro against the dollar for the quarter. The Polish zloty also benefitted from the European growth story due to the strength of domestic indicators like employment, manufacturing, and exports.

The U.S. residential mortgage-backed securities (RMBS) market continued to benefit from improving economic conditions and solid housing fundamentals, although the aftereffects of a series of hurricanes may cause a short-term deterioration. Although the U.S. dollar continued to decline against several major currencies, it slightly rebounded in September after being largely oversold for the year. After falling over consecutive quarters, the 10-Year U.S. treasury yield reversed course and rose over the third quarter due to a combination of factors. The rise in the 10-year yield was attributed to unexpectedly strong purchasing manager index (PMI) data, stabilizing commodity prices, an upward revision to second quarter U.S. GDP, the Federal Reserve's reaffirmed commitment to normalization, and the unveiling of a preliminary framework for tax reform. Generally, developed market yields were range-bound for the quarter because of mixed global inflation data, escalating geopolitical tension with North Korea, political uncertainty in Europe, and a series of natural disasters. Despite the cap in high-quality sovereign yields, market volatility remained low, allowing risk assets to perform well in a yield-seeking environment.

Emerging market assets benefitted from this environment with domestic equity indices, bonds, and currencies posting notable gains for the period. Strong investor demand also fueled emerging market debt issuance. Improving commodity prices helped countries like Brazil and Russia recover from recessions, with the ruble and the real both appreciating. We believe that central banks in the emerging world will become increasingly accommodative with plenty of room to cut rates. China is expected to keep growth and volatility stable ahead of the important 19th National Congress, which could extend the favorable environment for emerging economies.

OUTLOOK

We believe stable global growth, limited inflation, and gradual tightening by developed market central banks can last through the fourth quarter. With these conditions, credit and select emerging market debt—in the form of hard-currency corporate credit and local-currency sovereigns—should continue to present value within the fixed income universe. Furthermore, in our view, a benign default environment will provide a supportive backdrop for lower-quality credit instruments at current valuations. We remain most constructive on U.S. dollar-denominated high yield opportunities in the Latin American region, and the U.S. In Europe, some geopolitical risks moderated with the resolution of the German elections— although some concerns remain regarding the strength of the Alternative for Deutschland's showing and the effect this could have on the 2018 Italian election; however, many investors remain focused on valuations of fixed income risk assets, which are perceived to be at extreme levels. Overall, we recognize the possibility that a combination of political risk in Europe and the U.S., mixed economic data, lower credit expansion in China, and less accommodative global central bank policy could cause market volatility. Therefore, we plan on managing these risks by continuing to invest in high-conviction U.S. high yield bonds, and select local-currency emerging market debt, including both sovereign and corporate instruments. Opportunistic hedging in CDS indices, interest rate futures contracts, and the use of U.S. treasuries should act as a risk-off ballast, and currency management is another tactic that may provide downside protection while allowing us to maintain core positions during times of volatility.

[1] Supplemental to attached Global High Yield and U.S. High Yield GIPS-compliant composite 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 composite 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 September 30, 2017 | Results shown in USD - Final

ANNUALIZED RETURNS

	COMPOSITE RETURN GROSS OF FEES (%)	COMPOSITE RETURN NET OF FEES (%)	BGHY[3] (%)
QTD	3.38	3.21	2.84
YTD	9.24	8.72	9.48
1 YEAR	10.64	9.93	9.28
3 YEAR	5.61	4.93	5.86
5 YEAR	6.50	5.81	6.44
7 YEAR	8.10	7.41	7.35
SINCE INCEPTION 1/2010	9.10	8.40	8.26

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)
2017	9.24	8.72	9.48	5	509	73,890	N/M	5.72	5.93
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, 2016, 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 September 30, 2017 | Results shown in USD - Final

ANNUALIZED RETURNS

	COMPOSITE RETURN GROSS OF FEES (%)	COMPOSITE RETURN NET OF FEES (%)	BUSHY[5] (%)
QTD	2.81	2.64	1.98
YTD	7.73	7.22	7.00
1 YEAR	9.37	8.67	8.88
3 YEAR	5.23	4.55	5.83
5 YEAR	6.54	5.85	6.36
7 YEAR	8.21	7.52	7.45
SINCE INCEPTION 01/2010	9.20	8.50	8.22

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2017	7.73	7.22	7.00	6	540	73,890	0.24	5.70	5.73
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

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Benchmark

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Performance Calculation

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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.