



BRANDYWINE GLOBAL INVESTMENT MANAGEMENT (EUROPE) LIMITED

CONFLICTS OF INTEREST POLICY – 3 JANUARY 2018

OVERVIEW

It is important to identify and effectively manage potential and actual conflicts of interest that arise or may arise in the course of providing a service and carrying out regulated activities, as their existence may lead to material risk or damage to a client's interests. This document sets out our policy for the management of such conflicts of interest.

The Financial Conduct Authority ("FCA") sets out obligations in SYSC 10, COBS 12 and Principle 8 to which this document is prepared.

This document does not intend to create third party rights or duties form part of any contractual agreement between us and any client. This policy may be amended and updated at any time if any material change occurs and will be reviewed on at least an annual basis.

Whilst the FCA rules are important to be adhered to by all Brandywine Global Investment Management (Europe) Limited (the "Company") employees, they are non-exhaustive, and certain other additional rules may apply. Failure to follow any of the rules whether by express breach, or failure to follow any of the spirit of identifying, mitigating and managing conflicts of interest may also be a breach of an employment contract. Disciplinary action may be taken by the Company, or in serious cases by the FCA.

If at any time you are in doubt as to how to act in a given situation where you are faced with an actual or potential conflict of interest you should contact Compliance.

BACKGROUND

The Company is an indirect subsidiary of Legg Mason, Inc. a US financial services holding company. The Company is authorised and regulated by the FCA. The Company is the European based operating entity for Brandywine Global Investment Management LLC ("BGIM"). The Company carries out various marketing, distribution and client support services. Further, the Company is authorised to perform investment management services. The Company by way of delegation, outsources investment management to BGIM. The Company is supported by Legg Mason & Co (UK) Limited personnel, particularly in relation to risk and finance activities. BGIM and Legg Mason & Co (UK) Limited are also indirect subsidiaries of Legg Mason, Inc.

These services could potentially give rise to potential or actual conflicts of interest entailing a material risk of damage to the interest of one or more clients. This document aims to set out these potential and/or actual conflicts and the procedures that are in place to be followed and measures to be adopted In order to manage such conflicts.

Conflicts of interest may occur between a customer and the Company, including its managers, employees or any persons directly or indirectly linked to the firm, or between two or more clients.

Treating customers fairly is central to the core values of the Company. There is an embedded culture that understands what is acceptable and unacceptable behaviour. As such, potential and/or actual conflicts of interest and the identification/management/mitigation thereof are central to this philosophy and culture.

All employees must act with the highest standards of integrity to avoid any allegations of conflicts of interest.

SCOPE OF POLICY

This Policy covers the potential and/or actual material conflicts of interest with respect to:

- the marketing and client service activities of the Company
- the investment management activity outsourced by the Company to BGIM
- the general conduct and activities of employees; and
- the wider relationship across the Legg Mason group.

The Legg Mason group is solely an asset management company such that neither the ultimate parent company nor any of its shareholders carry out investment banking related activities. This therefore reduces some of the potential areas for conflict that would potentially be present in other companies in the asset management industry.

IDENTIFYING CONFLICTS OF INTEREST

The first step in managing potential and/or actual conflicts of interest is to identify them and most importantly take steps to prevent them. The Company takes all appropriate steps to identify and prevent potential and/or actual conflicts of interest between (i) the Company, including its managers and employees, and a client; (ii) one client and another; and (iii) that arise or may arise in the course of providing services to clients.

Our identification and prevention procedures include (i) evaluation of new and updated business procedures; (ii) robust procedures for our employees detailing their responsibilities concerning conflicts of interest; and (iii) a written record of conflicts of interest.

The Company firmly believes that the identification and prevention of potential and/or actual conflicts of interest is the responsibility of all of the Company's staff but in particular that of the senior management team.

Staff induction training, as provided by the Compliance function, is designed to alert staff both to the need to be aware of the potential for conflicts of interest and the requirement to escalate any concerns in this area. Periodic reminders are then issued to the Company's staff both on the general requirement and on policies and procedures relating to specific areas. Likewise, the staff of BGIM, to whom investment activity is outsourced, also receive refresher training on the policies and procedures relating to specific areas of the business.

The Compliance and Risk functions of the Company assist the senior management with this identification process. The Compliance function will advise on regulatory requirements that highlight potential areas and raise any issues identified from review work and involvement in business developments. The Risk function initiates quarterly reviews with department heads to review risks and any changes in risk profile from business developments in the quarter or expected in the foreseeable future. The Compliance and Risk functions also liaise with the Compliance and Risk functions of BGIM on any material developments and hence any potential new areas of conflict of interest. Any new areas arising from this ongoing process will be incorporated in the Register as maintained by the Compliance function.

MANAGING CONFLICTS

Prevention is the primary purpose of the Company when dealing with conflicts of interest. There may be occasions when it is necessary in the event a conflict arises to manage, or control, of the potential and/or actual material conflicts of interest is performed. The responsibility for the management lies both with department heads and other members of the senior management team; they collectively are responsible for ensuring that appropriate controls are in place and that they are adhered to on an ongoing basis. All staff have responsibility for complying with the controls put in place relevant to their employment and role within the Firm.

Documented policies and procedures plus department procedures are fundamental key controls for all areas with training for staff on these, both for new joiners and existing staff. For the more staff behavioural type areas, Legg Mason has a Code of Conduct that sets out standards required to be followed by all staff across the group. The Company and BGIM typically adopt these requirements into their own policies and procedures that incorporate other local legal and regulatory requirements.

Legg Mason's affiliates, including Brandywine Global, are also required to comply with a set of standards, drawn up at a parent company level, for basic policy and procedure requirements for those investment related activities that represent a relatively higher level of risk for potential conflict of interest. BGIM utilises automation in the investment process where possible which helps provide for greater control on potential conflicts in this area.

Overview procedures are also applied. With respect to the staff behavioural activities, preclearance procedures are in place and periodic attestations are required from staff of their compliance with the relevant policies and procedures. The compliance monitoring programmes of the entities then provide for review of declarations and where possible related reports for evidence of any trends that may indicate the existence of an issue.

The compliance monitoring programme of BGIM also provides for periodic reviews on a sample basis of adherence to all policies and procedures.

The Company uses a quarterly attestation process under which the Compliance Officer of BGIM is required to confirm compliance that policies and procedures, including controls, have been adhered to or to report on any material exceptions. Periodic onsite visits and an annual due diligence process are also undertaken on BGIM by the Compliance Officer of the Company

The various control committees of BGIM also provide for overview in some areas.

The Company's Register of the potential material conflicts of interest identifies the key controls for each potential conflict.

The Company has not identified any actual or potential conflict of interest where the remedy to such potential or actual conflict of interest is disclosure. However, in the event such a conflict of interest were to arise, the Company would use the remedy of disclosure as a last resort. In such circumstances, the Company acknowledges that disclosure to clients means that the Company's controls in the area of conflicts of interest are insufficient and as such there may be a risk of damage to a client.

OVERSIGHT PROCESS

The Company's Board of Directors, assisted by the Compliance function, will review the Policy and the Register at a minimum annually and also in the event of any material business reorganization or regulatory changes. The Register, that also records the department owners of each area of potential conflict of interest identified, will be circulated to

department heads and the Compliance Officer of BGIM for review and confirmation that there are no changes required. To the extent that the department head or BGIM's Compliance Officer raises a potential area of conflict of interest or a change of some kind that results in a view that the conflict of interest cannot be managed satisfactorily, then this will be raised to the Board of Directors by the Company's Compliance Officer for consideration and a decision on whether the potential area of conflict should be disclosed. The Board of Directors will require Compliance and the Legal department representative to achieve the necessary disclosure.

Management information is required by the Board of Directors. The Register forms the basis of this; appropriate commentary (examples; results of any reviews; issuance of policy reminders; policy violations) is recorded against the areas of conflict in the Register and will be presented to the Board of Directors quarterly. This will bring together a summary of any material events that may have occurred, or are expected, that could give rise to a potential material conflict of interest where these have been considered and addressed in another control forum. Department heads and BGIM's Compliance will provide the required information to the Company's Compliance function who will collate the report. In addition, a separate table will be provided that summarises data for the period with respect to areas such as personal account trading activity, gifts and entertainment both given and received, as well as any other statistical data that may be appropriate. This table will be based on the content of the Supervisory Report (as maintained by Brandywine Global Compliance team and reviewed by that entity's Compliance Committee) for the Company's employees and officers. These documents together should enable the Board to assess whether all potential or actual material conflicts of Interest are being considered appropriately and whether there are any material issues arising to be considered.

EXAMPLES OF POTENTIAL CONFLICTS OF INTEREST FACING THE COMPANY

Potential Conflict of Interest	How we manage this conflict
<p>Company Structure and Organisation A lack of segregation of functions and/or appropriate management oversight of the affairs of the Company could facilitate fraud</p>	<p>The Company manages this potential conflict through parent company senior management representation on the Company's board as well as oversight by the parent company's internal audit function. In addition, the Company has robust procedures for monitoring conflicts as well distinct segregation of roles and functions within BGIM. Compliance and Risk coverage is also present within the Company and BGIM with sufficient seniority and independence to assist management in both locations with review and control procedures.</p>
<p>Board Members Board Members may have seats on more than one Board (BGIMEL, LM Corporate or other multiple Affiliate Boards) and could favour one over the other in decision making.</p>	<p>Board members are bound by the Legg Mason Code of Conduct and are regularly advised of potential conflicts.</p>
<p>Corporate Opportunities Knowledge about the firm's business or an individual's position at the firm could be used for financial opportunity by an employee.</p>	<p>All staff are bound by the Legg Mason Code of Conduct. Prior approval is required from Legg Mason's General Counsel for sale or purchase of products, services, or interests that belong to Legg Mason and for an investment opportunity as a result of individual's relationship with LM.</p>

<p>Outsourcing to Third Parties and Hiring of Vendors An employee of the firm or a representative of the third party or a client could benefit personally from the employment of a third party by the firm.</p>	<p>Robust vendor selection policies and procedures are followed by all staff when participating in any outsourcing from the Company or BGIM.</p>
<p>Outsourcing within the LM Group A cost advantage could be obtained by the outsourcing LM subsidiary at the expense of service quality to the client relative to the use of a third party provider.</p>	<p>A Service agreement is in place between the Company and BGIM. Oversight control procedures in place including quarterly Compliance attestation from BGIM Compliance to the Company's Compliance and periodic onsite ongoing due diligence visits. Global Compliance Exam and Internal Audit reviews.</p>
<p>Personal Account Trading Staff and their connected parties could benefit from trading in a personal capacity relative to activity for clients or trade at a frequency that could be deemed to impair their focus on client matters.</p>	<p>Code of Ethics and procedures for prior approval where relevant and serious sanctions for violation up to and including dismissal Annual certification of compliance and ongoing Compliance monitoring.</p>
<p>Insider Trading and Use of Confidential Information Individual could use confidential information about LM, or its affiliates, or about a client's business or investment decisions made for clients to trade for the benefit of their personal gain.</p>	<p>Policy and procedures in Compliance Manuals, including Legg Mason Information Barrier Policy. Prior approval where relevant for non-sharing of information and serious sanctions for violation up to and including dismissal. Restricted List managed by Compliance centrally and sits above Information Barrier Policy.</p>
<p>Anti Corruption including Gifts and Entertainment Staff could bribe (or appear to have bribed) or be compromised through the use of gifts or entertainment.</p>	<p>Anti Corruption Policy and procedures which also cover UK Bribery Act and US FCPA related requirements. Legg Mason sponsored periodic Anti-Corruption Training, Robust Finance expense policy and procedures in place and Managers review all gifts and entertainment quarterly. Compliance Committee conducts quarterly Supervisory Review. Gifts and Entertainment Policy with preapproval required above stated value levels for entertainment. Ongoing compliance monitoring</p>
<p>Outside Business Interests or Employment Such an interest could compromise a client relationship, or investment or other business decision for a client</p>	<p>Policy and procedures in Compliance Manuals with disclosure of such interest required and confirmation of compliance. Legg Mason Policy on serving as a director: prohibited for public companies and prior approval needed for private companies. Annual certification process</p>
<p>Remuneration of Staff The firm's remuneration standards could encourage undue risk taking by employees. Local remuneration disclosure requirements and financial limits may discourage staff from taking on impacted roles.</p>	<p>HR policies and procedures around staff appraisals and link to remuneration. Remuneration Policy meets regulatory requirements.</p>
<p>Employment of Relatives Collaboration for fraud could result</p>	<p>HR Policy and procedures. Should the Company or BGIM</p>

3 January 2018

	believe a conflict exists or may be perceived to exist, appropriate action will be taken to resolve the matter. Relatives not permitted to have direct reporting relationships to each other unless specific approval has been granted.
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MAINTENANCE OF THIS POLICY

This revision of the Conflicts of Interest Policy is effective from 3 January 2018 and succeeds the version of 10 October 2016. The minimum annual review of the Policy will take place typically at the Company's Board meeting that is held in the first quarter of the calendar year. The process will be initiated by the Compliance Function.

KEY CONTACT FOR THIS POLICY

Chief Compliance Officer, Europe: andrew.thomas@brandywineglobal.com +44 207 786 6365