Diversified Mid Cap Dedicated Value

Strategy Profile

OBJECTIVE

We seek to outperform the Russell Mid Cap® Value Index by investing in undervalued mid-cap stocks, as identified by a low price-to-earnings (P/E) or price-to-book (P/B) ratio.

INVESTMENT PROCESS SUMMARY

We manage the portfolios with a disciplined combination of quantitative and fundamental investment styles. Our investment strategy employs a deselection approach with the goal of identifying and avoiding undervalued stocks that we believe will have difficulty outperforming the benchmark. We utilize a team-oriented process with experienced investment managers.

INVESTABLE UNIVERSE

Within the universe of U.S. equities, we identify stocks with:

- Market capitalizations between the 200th and 1,000th largest U.S. stocks
- P/E or P/B ratios among the lowest 20% in this universe

DESELECTION PROCESS

From the resulting 200-275 mid-cap value companies, we quantitatively eliminate stocks with:

- Weak stock price momentum, as these stocks often continue to underperform
- High relative share issuance, which often precedes weaker stock returns

We perform our fundamental analysis on the remaining 100-175 companies. We seek to understand why each is undervalued to avoid stocks that are unlikely to return to a normal valuation. Our focused research process allows us to efficiently manage a diversified portfolio of companies with desirable characteristics. Our in-depth review includes:

- Adjusting reported earnings and book values to purchase only genuinely undervalued stocks;
- Eliminating stocks with significant pre-announced earnings deterioration; and
- Excluding stocks with severe fundamental decline or substantial financial, legal, or product risks.

PORTFOLIO MANAGEMENT

The portfolio holds approximately 125-225 stocks to diversify risk and enhance liquidity. Within the limits of trading liquidity, we initially weight each stock's position proportional to its market capitalization. Industry and sector weights are the direct result of our bottom-up investment process.

Typically, we sell a stock when: its P/E and P/B ratios both no longer are undervalued, its market cap no longer qualifies as mid cap, its price momentum lags the market sufficiently to trigger our stop loss control, a substantial number of new shares are issued, or fundamentals deteriorate significantly.

OUR COMPETITIVE ADVANTAGE

The strategy combines the advantages of the discipline found in a quantitative process with fundamental analysis targeted to avoid potential poor performers. Our team has managed assets in the Diversified style for over 25 years.

Brandywine GLOBAL

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STRATEGY OVERVIEW

4Q 2019 | As of December 31, 2019

AT A GLANCE

- Primary Benchmark: Russell Mid Cap® Value Index
- Universe: Mid-capitalization U.S. common stocks
- We purchase stocks with a low valuation based on either P/E or P/B that pass through our quantitative and fundamental deselection processes
- Our portfolios generally purchase all holdings on a capitalization-weighted basis
- Cash is residual of the investment process, and we manage portfolios with the goal of remaining fully invested at all times

TYPICAL INVESTMENT GUIDELINES

Factor	Guideline
Number of Holdings	125-225
Maximum Stock Weighting at Purchase	6%
Industry Weight Limit at Purchase	20%
Sector Weight Limit at Purchase	35%

EQUITY CHARACTERISTICS[1,2]

	Diversified Mid Cap Dedicated Value	RMIDV
Price-to-Earnings[3]	12.1	19.4
Price-to-Book	1.8	2.0
Dividend Yield (%)	2.3	2.3
Average Market Cap ($B)	16.3	15.8
Current Number of Securities	147	631
Turnover (% LTM)	36.5	-

TOP TEN HOLDINGS[1,2] (%)

Lyondellbasell Industries Nv	2.5
Southwest Airlines Co	2.3
Paccar Inc	2.3
Cummins Inc	2.2
Archer-daniels-midland Co	2.1
HP Inc	2.1
Mckesson Corp	2.0
Discover Financial Services	1.8
United Airlines Holdings Inc	1.8
Best Buy Co Inc	1.8

ASSETS UNDER MANAGEMENT (M) (Shown in USD)

Brandywine Global, Firmwide	74,024
Diversified Value Equity Product Group	9,642
Diversified Mid Cap Dedicated Value	13

ANNUALIZED RETURNS[2] (%) (Results shown in USD)

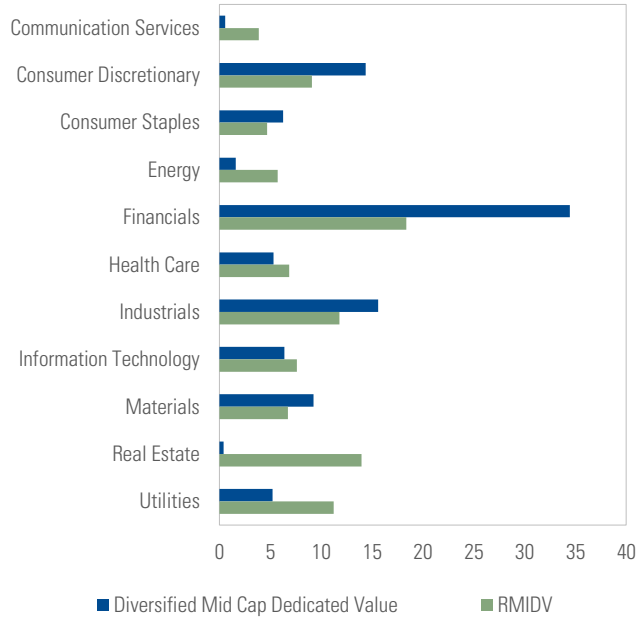
	Gross	Net	RMIDV	RMID
QTD	7.52	7.32	6.36	7.06
YTD	28.18	27.24	27.06	30.54
1 Year	28.18	27.24	27.06	30.54
3 Year	7.96	7.16	8.10	12.06
5 Year	7.63	6.83	7.61	9.33
7 Year	13.87	13.04	11.99	13.20
10 Year	-	-	-	-
Since Inception	13.06	12.22	11.11	11.90

Inception Date: 1/1/2011

CALENDAR YEAR RETURNS[2] (%) (Results shown in USD)

	Gross	Net	RMIDV	RMID
2019	28.18	27.24	27.06	30.54
2018	-17.07	-17.70	-12.29	-9.06
2017	18.39	17.52	13.34	18.52
2016	22.01	21.11	20.00	13.80
2015	-5.92	-6.62	-4.78	-2.44
2014	15.52	14.67	14.75	13.22
2013	48.85	47.78	33.46	34.76
2012	17.14	16.28	18.51	17.28
2011	3.78	3.01	-1.38	-1.55
2010	-	-	-	-
2009	-	-	-	-

SECTOR WEIGHTS[1,2] (%)



Past performance is no guarantee of future results.

LEAD PORTFOLIO MANAGERS

MICHELLE K. BEVAN, CFA PORTFOLIO MANAGER

Michelle is a portfolio manager and securities analyst on the Diversified Value Equity team. She contributes to the quantitative and fundamental analysis of securities for the Diversified Value Equity portfolios by consistently applying Brandywine Global's disciplined exclusionary process. She is the lead portfolio manager for the Diversified Mid Cap Value strategies. Michelle joined the Firm in 1995. She is a CFA® charterholder and earned an M.B.A. in Finance and a B.S. in Finance from the University of Delaware, graduating cum laude.

HENRY F. OTTO MANAGING DIRECTOR & PORTFOLIO MANAGER

Henry is the founder and co-lead portfolio manager of the Diversified Value Equity strategies. Prior to joining Brandywine Global in 1988, he was with Dimensional Fund Advisors, Inc., where he managed and traded small cap portfolios and developed computer systems to structure portfolios and analyze performance (1984-1987), and the Chicago Board of Trade as a financial economist developing financial-based futures and options (1982-1984). He earned both an M.B.A. in Finance and Economics and a B.A. in Economics from the University of Chicago. Henry is a member of the Firm's Executive Board.

STEVEN M. TONKOVICH MANAGING DIRECTOR & PORTFOLIO MANAGER

Steve is co-lead portfolio manager of the Diversified Value Equity strategies. He plays an integral role in the team's continual refinement of the Diversified Value Equity investment process and the Firm's ongoing research into value investing. Prior to joining the Firm in 1989, he was with the Wharton School of the University of Pennsylvania as a research analyst in the Finance Department (1987-1989) and the Moore School of Electrical Engineering of the University of Pennsylvania as a research assistant (1986-1987). Steve earned a B.S.E in Finance and Regional Science from the Wharton School. He is a member of the Firm's Executive Board.

INVESTMENT TEAM

NICK (YANG) CAI, FRM, CAIA SENIOR QUANTITATIVE EQUITY ANALYST

Nick is a senior quantitative analyst for the Diversified Equity team. He contributes to quantitative analysis of the team's investment strategies and to the design and development of the team's quantitative research and investment platform. Prior to joining Brandywine Global in February 2011, Nick earned a Master in Mathematics Finance from Rutgers University and graduated summa cum laude with a Bachelor of Science in Applied Mathematics from Western Michigan University. Nick holds the Financial Risk Manager (FRM) certification and is a Chartered Alternative Investment Analyst (CAIA).

NEO (ZURONG) CAO QUANTITATIVE EQUITY ANALYST

Neo Cao is a quantitative equity analyst on our Diversified Equity team, responsible for supporting all aspects of the team's quantitative research. Prior to joining the Firm on a full-time basis in 2015, Neo was an intern with Brandywine Global on the Diversified Equity team in 2014. Neo also completed internships at the Standard Chartered Bank and Huatai Securities Co, Ltd, both in Nanjing, China. Neo earned a B.S. in Biological Engineering from Nanjing Forestry University and just recently completed an M.S. in Financial Engineering at Stevens Institute of Technology.

DAVID CLIPPER PORTFOLIO MANAGER

Dave is portfolio manager and research analyst on the Diversified Value Equity team. He contributes to the quantitative and fundamental analysis of securities and management of the Diversified Value Equity portfolios by consistently applying Brandywine Global's disciplined exclusionary process. He is also involved in continual refinement of the Diversified Value Equity investment process and the Firm's ongoing research into value investing. He joined the Firm in 2004 and has been a member of the Diversified Value Equity team since 2006. Prior to joining Brandywine Global, Dave was a trader for Orion Financial (2003-2004) and had spent 13 years in the field of psychology before making the career shift toward finance. He earned an M.B.A. in Finance from the University of Pittsburgh, holds a Master's degree from the University of California at Berkeley, and a B.A. from Penn State University.

MICHAEL J. FLEISHER PORTFOLIO MANAGER

Mike is a portfolio manager on the Diversified Value Equity team with lead oversight of the Dynamic Equity strategies. In addition, Mike oversees the quantitative development and analysis function for Brandywine Global's Diversified Value Equity strategies and contributes to the Firm's ongoing research into value investing. Before joining the Firm in 1997, Mike was a senior fund accountant for Merrill Lynch (1995-1997) and a mutual fund analyst for SEI Corporation (1993-1995). Mike earned a B.S. in Accounting from the University of Delaware.

JOSEPH J. KIRBY PORTFOLIO MANAGER

Joe is the lead portfolio manager for the Diversified Large Cap Value Equity strategy. He serves as a portfolio manager and securities analyst on the Diversified Value Equity team. Joe contributes to the quantitative and fundamental analysis of securities for the Diversified Value Equity portfolios by consistently applying Brandywine Global's disciplined management exclusionary process. Since joining the Firm and Diversified Team in 1994, Joe has been involved in each aspect of the portfolio process, including leading the trading efforts for all Diversified portfolios from 1997 through 2000. Prior to joining Brandywine Global, he was with CoreStates Financial Corporation as an auditor (1992-1994). Joe earned a B.S. in Finance from DeSales University.

TRADERS

JOHN R. EDELMAN EQUITY TRADER

John is the lead trader for the Firm's micro-, small- and small/mid-cap portfolios and a primary trader for the Wealth Management Group channel. He is also responsible for providing support to the Diversified Value Equity portfolios. John joined the Firm in 1999. Previously, he was with Southcoast Capital as an institutional equity trader (1996-1999), and PNC Bank as a financial analyst (1989-1996). John earned an M.B.A. in Finance from St. Joseph's University and a B.A. in Finance and Accounting from Lehigh University.

KEVIN MCCLAFFERTY EQUITY TRADER

Kevin is the primary trader for the Fundamental Equity team's Wealth Management Group channel. He also supports the U.S. equity trading desk in performing functions for all equity investment strategies at Brandywine Global. Prior to becoming an equity trader in August 2009, Kevin supported the trading desk as a trading assistant and has been with the Firm since 1999. Kevin earned a B.S. in Finance from Wilmington University.

DAVID A. TATTERSALL HEAD EQUITY TRADER

Dave is the head trader for Brandywine Global's equity portfolios. Prior to being appointed to this position in March 2007, he served as lead equity trader for the Firm's Diversified Value Equity portfolios in addition to providing support to the Fundamental Equity team. He joined the Firm in 2000. Previously, Dave was with OTA Limited Partnership, a full-service institutional broker/dealer, as a financial analyst/trader (1989-2000); First Federal Savings Bank as a senior accountant (1987-1989), and Beneficial Mortgage Corporation as the loan accounting manager (1985-1987). Dave earned a B.S. in Accounting from Pennsylvania State University.

DONNA VAN VLACK VICE PRESIDENT, EQUITY TRADER

Donna is the lead trader for the Firm's large-cap portfolios. Donna joined the Firm in 1996. Previously, she was a trader with Caxton Corporation (1995); vice president and head trader with Chesapeake Partners Management Company (1993-1995); vice president with UBS Securities, Inc. (1991-1993); vice president with Dillon, Read & Co. (1986-1991); vice president and head of trading with Avatar Associates (1982-1985), and a trader with Soros Fund Management (1978-1981). Donna earned a B.A. in History and Political Science from Wellesley College.

ANNUALIZED RETURNS (%) (Results shown in USD)

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QTD	7.52	7.32	6.36	7.06
YTD	28.18	27.24	27.06	30.54
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7 Year	13.87	13.04	11.99	13.20
Since Inception	13.06	12.22	11.11	11.90

Inception Date: 1/1/2011

GIPS INFORMATION (%, unless otherwise noted) (Results shown in USD)

Year or YTD	Gross	Net	RMIDV	RMID	# of Accounts	Market Value (M)	Total Firm Assets (M)	Composite Dispersion	Composite Rolling 3Y SD	RMIDV Rolling 3Y SD	RMID Rolling 3Y SD
2019	28.18	27.24	27.06	30.54	2	13	74,024	-	15.33	12.79	12.89
2018	-17.07	-17.70	-12.29	-9.06	2	12	70,070	-	13.22	11.96	11.98
2017	18.39	17.52	13.34	18.52	1	2	74,382	-	11.44	10.32	10.36
2016	22.01	21.11	20.00	13.80	1	3	65,498	-	12.04	11.30	11.55
2015	-5.92	-6.62	-4.78	-2.44	1	2	68,819	-	11.67	10.71	10.85
2014	15.52	14.67	14.75	13.22	1	3	63,375	-	10.65	9.81	10.14
2013	48.85	47.78	33.46	34.76	1	2	50,050	-	14.50	13.69	14.03
2012	17.14	16.28	18.51	17.28	1	2	42,894	-	-	-	-
2011	3.78	3.01	-1.38	-1.55	1	1	33,122	-	-	-	-

RMIDV = Russell Midcap Value RMID = Russell Mid Cap

Organization: Brandywine Global Investment Management, LLC (the "Firm") is a wholly owned, independently operated, subsidiary of Legg Mason, Inc. Brandywine Global Investment Management, LLC claims compliance with the Global Investment Performance Standards (GIPS) and has prepared and presented this report in compliance with the GIPS standards. Brandywine Global Investment Management, LLC has been independently verified for the periods January 1, 1993 through June 30, 2019. The verification report(s) is/are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are 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: Diversified Mid Cap Dedicated Value Composite (the "Composite") Inception date: January 1, 2011. Creation date: January 1, 2011. The Composite includes all fully discretionary, actively managed accounts with no minimum market value requirement and no investment restrictions invested in the Diversified Mid Cap Dedicated Value strategy. The Composite is primarily invested in domestic equity securities with market capitalizations between the 1000th and 200th largest stock; Price-to-Earnings or Price-to-Book ratios in the bottom quartile; and attractive price momentum. The portfolios typically hold approximately 175 - 300 securities. 100% of the composite assets are non fee-paying. Primary Benchmark Description: The Russell Midcap Value Index measures the performance of those companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value index. Secondary Benchmark Description: The Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 30% of the total market capitalization of the Russell 1000 Index. 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 Commingled Account Management Fee Schedule (Minimum investment $1 million): 0.750% flat fee on all 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.

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FOOTNOTES & DISCLOSURES

RMIDV = Russell Midcap® Value Index RMID = Russell Midcap® Index

1 The data represent the aggregate characteristics of all securities held in the respective Representative Portfolio, an actual commission account not subject to taxation, and are included for informational purposes only. The Portfolio Characteristics of any particular account may vary based on any investment restrictions applicable to that account.

2 Supplemental to attached Diversified Mid Cap Dedicated Value Composite GIPS presentation

3 Portfolio characteristics calculation uses weighted harmonic average methodology.

Source: Bloomberg. Investing involves certain risks, including possible loss of principal. You should understand and carefully consider a strategy's objectives, risks, fees, expenses and other information before investing. In rendering portfolio management services, Brandywine Global Investment Management, LLC may use the portfolio management services, research and other resources of its affiliates. The views expressed in this document are not intended to be a recommendation or investment advice and do not take into account the individual financial circumstances or objectives of the investor who receives it. The securities described herein may not be suitable for all investors. There is no guarantee that Brandywine Global will meet any of its investment objectives. Individual securities mentioned are intended as examples of portfolio holdings and are not intended as buy or sell recommendations. Characteristics, holdings and sector weightings are subject to change and should not be considered as investment recommendations. There is no guarantee that holding securities with relatively high (or low) price-to-earnings, price-to-book or price-to-cash flow ratios will cause the portfolio to outperform its benchmark or index. Investments in small- and medium-capitalization companies may involve a higher degree of risk and volatility than investments in larger, more established companies. Small capitalization companies may present such risks as lack of product diversification, potentially insufficient capital resources and greater exposure to business and economic cycles. The Russell Midcap® Value Index measures the performance of those companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000® Value index. The Russell Midcap® Index measures the performance of the 800 smallest companies in the Russell 1000® Index, which represent approximately 30% of the total market capitalization of the Russell 1000® Index. All indices are unmanaged and are not available for direct investment. Indices do not incur costs including the payment of transaction costs, fees and other expenses. This information should not be considered a solicitation or an offer to provide any Brandywine Global Investment Management, LLC service in any jurisdiction where it would be unlawful to do so under the laws of that jurisdiction. Stated assets under management may include some portfolios that are not contained in the strategy's composite. Some portfolios may fall into multiple strategies as the portfolio(s) meet the definition of multiple composites. Returns are presented gross and net of management fees and include the reinvestment of all income. Gross returns will be reduced by the investment 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 Brandywine Global's Form ADV Part 2A, which is available upon request. Please refer to our GIPS® presentations, which include performance footnotes, fee schedules, detailed index descriptions, and disclosures.

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