

Diversified Small Cap Value Select Equity

Objective

We seek to outperform the Russell 2500™ Value Index by investing in undervalued small-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 500th and 2,000th largest U.S. stocks
- P/E or P/B ratios among the lowest 25% in this universe

Deselection Process

From the resulting 300-400 small-cap value companies, we eliminate the third of stocks with the lowest stock price momentum over the previous nine months, as these stocks often continue to underperform.

We perform our fundamental analysis on the remaining 200-300 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 deteriorations; and
- Excluding stocks with severe fundamental decline or substantial financial, legal, or product risks.

Portfolio Management

The portfolio holds approximately 250-300 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 PB ratios are both no longer undervalued, its market cap no longer qualifies as small 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.



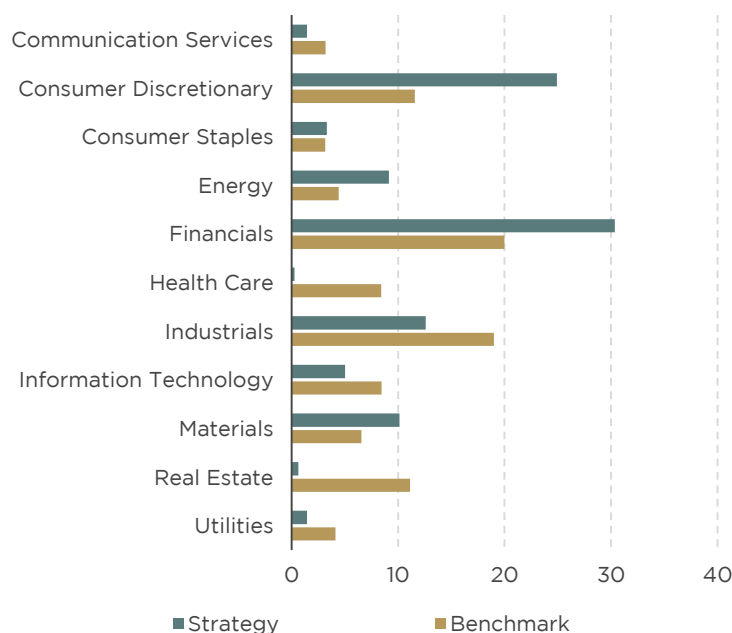
At a Glance

- Primary Benchmark: Russell 2500™ Value Index
- Universe: Small-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

Characteristics^{1,2}

	Strategy	Benchmark
Price-to-Earnings ³	6.5	16.3
Price-to-Book	1.3	1.7
Dividend Yield (%)	2.2	2.2
Avg. Market Cap (\$B)	5.8	6.3
Current # of Securities	252	1,795
Turnover (% LTM)	44.1	-

Sector Weights^{1,2} (%)



Assets Under Management (M) (Shown in USD)

Brandywine Global, Firmwide	54,856
Diversified Value Equity Product Group	8,649
Diversified Small Cap Value Select Equity	3

Calendar Year Returns² (%) (Results shown in USD)

	Gross	Net	R2500V	R2000V
2023	1.25	1.05	1.40	-0.66
2022	-5.66	-6.41	-13.08	-14.48
2021	40.22	39.13	27.78	28.27
2020	-1.30	-2.09	4.88	4.63
2019	26.48	25.50	23.56	22.39
2018	-19.94	-20.59	-12.36	-12.86
2017	13.64	12.75	10.36	7.84
2016	21.58	20.63	25.20	31.74
2015	0.67	-0.13	-5.49	-7.47
2014	7.55	6.70	7.11	4.22
2013	42.33	41.24	33.32	34.52

Risk Characteristics² (Composite Net of Fees) (Since Inception)

Sharpe Ratio	0.38
Sortino Ratio	0.48
Information Ratio	0.04

Top Ten Holdings^{1,2} (%)

Bunge Ltd	2.5
Pultegroup Inc	2.2
Reliance Steel & Aluminum Co	2.0
Autonation Inc	1.8
Penske Automotive Group Inc	1.6
Builders Firstsource Inc	1.6
Arrow Electronics Inc	1.5
Equitable Holdings Inc	1.2
Commercial Metals Co	1.1
Dick's Sporting Goods Inc	1.1

Lead Portfolio Managers



Michelle K. Bevan, CFA

Portfolio Manager
27 Years of Experience



Henry F. Otto

Managing Director & Portfolio Manager
41 Years of Experience



Steven M. Tonkovich

Managing Director & Portfolio Manager
35 Years of Experience

Data as of March 31, 2023

Past performance is no guarantee of future results.



Annualized Returns (%) (Results shown in USD)

	Gross	Net	R2500V	R2000V
QTD	1.25	1.05	1.40	-0.66
YTD	1.25	1.05	1.40	-0.66
1 Year	-5.38	-6.14	-10.53	-12.96
3 Year	30.85	29.83	21.80	21.01
5 Year	6.33	5.49	5.61	4.54
7 Year	8.95	8.09	7.96	7.86
10 Year	9.55	8.68	7.72	7.21
Since Inception	10.13	9.31	9.12	8.51

Inception Date: 10/1/1998

GIPS Information (%) (Results shown in USD)

Year or YTD	Gross	Net	R2500V	R2000V	# of Accounts	Market Value (M)	Total Firm Assets (M)	Composite Dispersion	Composite Rolling 3Y SD	R2500V Rolling 3Y SD	R2000V Rolling 3Y SD
2023	1.25	1.05	1.40	-0.66	1	3	54,835	-	22.90	21.63	22.70
2022	-5.66	-6.41	-13.08	-14.48	1	3	52,601	-	29.47	26.46	27.27
2021	40.22	39.13	27.78	28.27	1	4	67,356	-	27.71	24.15	25.00
2020	-1.30	-2.09	4.88	4.63	1	3	63,872	-	28.41	25.05	26.12
2019	26.48	25.50	23.56	22.39	1	1	74,024	-	17.03	14.23	15.68
2018	-19.94	-20.59	-12.36	-12.86	1	0	70,070	-	15.27	13.58	15.76
2017	13.64	12.75	10.36	7.84	1	1	74,382	-	12.81	11.81	13.97
2016	21.58	20.63	25.20	31.74	1	1	65,498	-	13.97	13.17	15.50
2015	0.67	-0.13	-5.49	-7.47	1	0	68,819	-	12.56	12.02	13.46
2014	7.55	6.70	7.11	4.22	1	0	63,375	-	11.67	11.25	12.79
2013	42.33	41.24	33.32	34.52	1	0	50,050	-	15.05	15.07	15.82

Data as of March 31, 2023 R2500V = Russell 2500 Value R2000V = Russell 2000 Value Organization: Brandywine Global Investment Management, LLC (the "Firm") is a wholly owned, independently operated, subsidiary of Franklin Resources, Inc. Brandywine Global Investment Management, LLC claims compliance with the Global Investment Performance Standards (GIPSA®) 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, 2021. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Diversified Small Cap Value Select Composite has had a performance examination for the periods October 1, 1998 through June 30, 2021. The verification and performance examination reports are available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports 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. GIPSA® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Composite Description: Diversified Small Cap Value Equity Select Composite (the "Composite") Inception date: October 1, 1998. Creation date: October 1, 1998. The Composite includes all fully discretionary, fee-paying, actively managed accounts with no minimum market value requirement and no investment restrictions. The Composite is primarily invested in small capitalization U.S. common stocks with Price-to-Earnings or Price-to-Book ratios in the bottom quartile, and attractive price momentum. The portfolios typically hold approximately 175 - 275 securities. Primary Benchmark Description: The Russell 2500 Value Index offers investors access to the small to mid-cap value segment of the U.S. equity universe. It is constructed to provide a barometer of the small to mid-cap value market. Secondary Benchmark Description: The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. Performance Calculation: Preliminary data, if so noted, reflects unreconciled data for the most recent reporting period. Portfolios are valued daily on a trade date basis and include dividends and interest as well as all realized and unrealized capital gains and losses. Return calculations at the portfolio level are time-weighted to account for periodic contributions and withdrawals. Performance results are calculated on a before tax, total return basis. Prior to July 1, 2007, portfolios were included in the Composite beginning with the first full quarter of performance through the last full quarter of performance. After July 1, 2007, portfolios are included in the Composite beginning with the first full month of performance through the last full month of performance. Composite returns are reported on quarterly basis. The Composite returns consist of size-weighted portfolio returns using beginning of period values to weight the portfolio returns. Monthly linking of interim performance results is used to calculate quarterly and annual returns. Composite's valuations and returns are computed in U.S. Dollars ("USD"). The results are presented in USD or in other currencies (to accommodate overseas investors), the latter by converting monthly USD returns into other currency returns using the appropriate currency exchange rate returns. Gross returns reflect the deduction of trading expenses. Net of fee returns reflect the deduction of trading expenses and the highest investment management fees charged within the composite membership as stated in the fee schedule below. Composite dispersion is calculated using the asset-weighted standard deviation method for all portfolios that were in the Composite for the entire year. Composite dispersion is not presented for periods with five or fewer portfolios. The number of accounts and market values are as of the end of the period. The three-year annualized standard deviation, calculated using gross-of-fee returns, measures the variability of the composite and the benchmark returns over the preceding 36-month period. Gross-of-fees returns are used to calculate the presented risk measures. A complete list of composites, and limited distribution pooled funds descriptions as well as a list of broad distribution pooled funds is available upon request. Fee Schedule: Institutional Client Separate Account Management Fee Schedule (minimum investment \$15 million): 0.800% on the first \$20 million; 0.750% on the next \$30 million; 0.700% on the next \$50 million; 0.650% on any portion of assets in excess of \$100 million. Additional information on the Firm's fee schedule can be found in Form ADV Part 2A which is available upon request. **Past performance is no guarantee of future results.**

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Disclosures

R2500V = Russell 2500™ Value Index R2000V = Russell 2000® Value 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 Information to the attached Diversified Small Cap Value Select GIPS composite presentation.
- 3 Portfolio characteristics calculation uses weighted harmonic average methodology.

Source: Bloomberg (© 2023, Bloomberg Finance LP), which Brandywine Global believes to be accurate and reliable. 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. 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. Target Returns are aspirational in nature; criteria and assumptions were not used in their calculation. Performance results of the named strategy are presented gross and net of management fees. Gross performance returns include transaction costs but do not reflect the deduction of Brandywine Global's management fee. Net performance returns reflect the deduction of all applicable management fees and expenses, before custody charges, withholding taxes and other indirect expenses. Gross and net performance returns over one year are annualized and assume the reinvestment of all dividends, interest, and capital gains. Please refer to Part 2A of Brandywine Global's Form ADV for a description of its advisory fees. As fees are deducted quarterly, the compounding effect will be to increase the impact of fees by an amount directly related to the gross account performance. The above are the views of Brandywine Global and are not intended as a forecast or guarantee of future results. Brandywine Global's selection process may prove incorrect, which may have a negative impact on performance. Please refer to our GIPS® presentations, which include performance footnotes, fee schedules, detailed index descriptions, and disclosures.

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