

Emerging Markets Debt Opportunities

Strategy Profile

OBJECTIVE

We strive to generate income and provide principal growth through capital appreciation when market conditions permit. Our goal is to outperform the benchmark by at least 2%, on an average annual basis, over rolling five-year periods.

BENCHMARK

Blended benchmark consisting of 50% Local Currency Sovereign Emerging Market (EM) Debt, 25% Hard Currency Sovereign Debt, 25% EM Corporate Debt (50% JPM GBI-EM Global Diversified, 25% JPM EMBI Global Diversified, 25% JPM CEMBI Broad Diversified).

UNIVERSE

The majority of the portfolio will be invested in sectors of the EM debt markets, including hard and local sovereign EM debt and hard and local currency corporate debt. The strategy has a limited ability to own exposures in select developed markets primarily for defensive or hedging purposes. The portfolio may contain limited amounts of G-3 duration (long and/or short).

INVESTMENT PROCESS SUMMARY

We follow a value-driven process that seeks to identify undervalued assets globally by utilizing a top-down macroeconomic framework married with a fundamental assessment of sovereign and corporate issuance. We structure portfolios along macroeconomic themes involving business cycle analysis, inflation trends, monetary policies, and political, social, environmental risks. We actively manage our currency exposures and focus on owning undervalued currencies with the potential for appreciation. We hedge currencies that we believe are overvalued or pose downside risk.

STRATEGY DIFFERENTIATION

Dual Approach

Marrys valuation and macro research with fundamental analysis at the sovereign and corporate levels.

Holistic Management

The strategy is not managed in independent sleeves that are bolted together. The team evaluates valuation and macro research across the EM debt universe and functions as an asset allocator across the broad EM debt space.

Flexible and Dynamic

By combining sovereign, currency, sector, and security research with macroeconomic analysis, the team dynamically rotates positioning over the business cycle.

Unconstrained Yet Measured

Not biased to local currency or hard currency, emerging sovereign debt or emerging corporate debt, we simply seek value with a macro catalyst. The investment team implements its process within a tracking error framework, allowing for a flexible approach that keeps within the spirit of the overall mandate.

OUR COMPETITIVE ADVANTAGE

The strategy combines quantitative valuation screening with qualitative macroeconomic analysis, fundamental analysis, and catalyst identification. The ability to find undervalued segments of the emerging markets and exercise the discipline to consistently invest in them while avoiding the excessively overvalued segments creates a significant edge in managing EM portfolios. Furthermore, we manage the strategy in a holistic manner, not within respective asset allocation sleeves.


Brandywine GLOBAL

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AT A GLANCE

- The investment objective for the strategy is to generate income and provide capital appreciation
- The aim of the portfolio is to effectively and opportunistically allocate capital across the broad EM debt universe, focusing on value anomalies
- Flexible, macro driven approach centered on the EM debt universe
- Blended benchmark consisting of 50% Local Currency Sovereign EM Debt, 25% Hard Currency Sovereign Debt, 25% EM Corporate Debt

HIGH-LEVEL GUIDELINE SUMMARY

Duration Limitations

Portfolio Duration	+/- 3 Years of Benchmark
G-3 Country	+/- 2 Years of Contribution (in aggregate)

Country Limitations

EM Benchmark Country	Greater of 5% or 3x Benchmark Weight
EM Non-Benchmark Country	3%
G-3 Country	+/- 2 Years of Contribution

Sector/Issue Limitations

Local Currency Sovereigns	0% - 75%
Hard Currency Sovereigns and Quasi-Sovereigns	0% - 75%
EM Corporates	0% - 50%

No more than 3% of the portfolio shall be invested in any one corporate bond at time of purchase

Currency Limitations

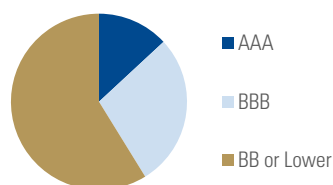
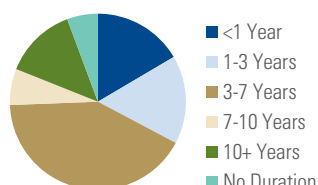
EM Currency	-5% to Greater of 5% or 3x Benchmark Weight
U.S. Dollar	15% - 85%
JPY, EUR, AUD (Each and In Aggregate)	-15% - +10%
Max. Short Currency Exposure (In Aggregate)	-15%

Credit Quality Limitations

Weighted Average Credit Quality Minimum	The Lower of BB- or Equivalent to Benchmark
Max. CCC+ and Below	10%

CHARACTERISTICS^{1,2}

	Emerging Markets Debt Opportunities	JP50HC50LC
Average Quality ³	BB+	-
Average Maturity (Years)	9.60	8.75
Average Modified Duration (Years)	3.69	5.82
Average Coupon (%)	5.90	5.14
Current Yield (%)	5.55	-
Average Yield-to-Maturity (%)	6.26	5.05
Number of Issues	56	-

QUALITY RATINGS^{1,2} (%)DURATION ALLOCATION^{1,2} (%)

ASSETS UNDER MANAGEMENT (M) (Shown in USD)

Brandywine Global, Firmwide	66,668
Fixed Income Product Group	53,215
Emerging Markets Debt Opportunities	28

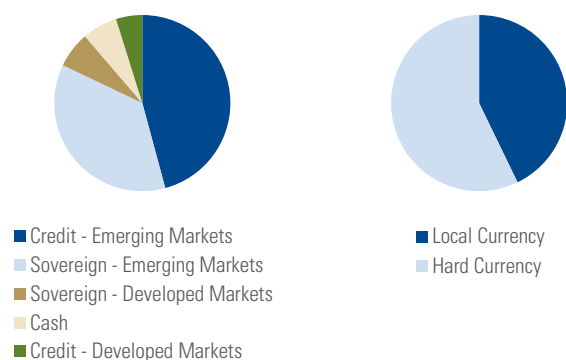
ANNUALIZED RETURNS² (%) (Results shown in USD)

	Gross	Net	JP50HC50LC
QTD	-2.47	-2.62	-1.67
YTD	-3.73	-4.16	-3.17
1 Year	5.35	4.73	3.95
3 Year	-	-	-
5 Year	-	-	-
7 Year	-	-	-
10 Year	-	-	-
Since Inception	5.36	4.73	2.55

Inception Date: 9/1/2019

CALENDAR YEAR RETURNS² (%) (Results shown in USD)

	Gross	Net	JP50HC50LC
2021	-3.73	-4.16	-3.17
2020	9.65	9.00	4.49
2019	5.63	5.42	4.16
2018	-	-	-
2017	-	-	-
2016	-	-	-
2015	-	-	-
2014	-	-	-
2013	-	-	-
2012	-	-	-
2011	-	-	-

REGIONAL EXPOSURE^{1,2} (%)

Past performance is no guarantee of future results.

ANNUALIZED RETURNS (%) (Results shown in USD)

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QTD	-2.47	-2.62	-1.67
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GIPS INFORMATION (%), unless otherwise noted (Results shown in USD)

Year or YTD	Gross	Net	JP50HC50LC	# of Accounts	Market Value (M)	Total Firm Assets (M)	Composite Dispersion	Composite Rolling 3Y SD	JP50HC50LC Rolling 3Y SD
2021	-3.73	-4.16	-3.17	1	28	66,668	-	-	-
2020	9.65	9.00	4.49	1	29	63,872	-	-	-
2019	5.63	5.42	4.16	1	26	74,024	-	-	-

JP50HC50LC = JPM 50 HC 50 LC (25EMBIGD 25CEMBIBD 50GBIEMGD)

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 (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, 2020. 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 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. Composite Description: Emerging Markets Debt Opportunities Composite (the "Composite") Inception date: August 31, 2019. Creation date: February 13, 2020. The Composite includes all fully discretionary, actively managed accounts with no minimum market value requirement and no investment restrictions invested in the Emerging Markets Debt Opportunities strategy. Composite is primarily invested in local and hard currency sovereign, quasi-sovereign and corporate debt as well as currencies of countries in the JP Morgan GBI-EM Global Diversified Index, JP Morgan EMBI Global Diversified Index and the JP Morgan CEMBI Broad indices as well as allowable non-index countries subject to client guidelines. Primary Benchmark Description: 50% JP Morgan GBI - EM Global Diversified, 25% JP Morgan EMBI Global Diversified, 25% JP Morgan CEMBI Broad Diversified - A comprehensive blend of global emerging market indices, consisting of, investable government and corporate bonds issued in both developed and emerging market currencies. 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, calculated using gross-of-fee returns, 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 list of composite descriptions and a list of limited distribution pooled fund descriptions are available upon request. Fee Schedule: Institutional Client Separate Account Management Fee Schedule (minimum initial investment: \$75 million): 0.600% on the first \$75 million; 0.550% on the amount in excess of \$75 million. Additional information on the Firm's fee schedule can be found in Form ADV Part 2A which is available upon request.

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FOOTNOTES & DISCLOSURES

JP50HC50LC = J.P. Morgan 50% HC 50% LC (25EMBIGD 25CEMBIBD 50GBIEMGD)

- 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 Emerging Markets Debt Opportunities Composite GIPS presentation
- 3 The "Average Quality" is determined by assigning numerical scores to each credit rating and calculating a weighted average for the securities held in the portfolio. The numeric score calculated for the entire portfolio is then converted back into the corresponding credit rating. Individual security ratings are determined by using the middle rating from the three major NRSROs (S & P, Moody's, and Fitch) 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, U.S. treasuries and certain U.S. agencies are given the U.S. issuer rating. Sovereign treasuries are given the sovereign issuer rating. All other unrated securities are given a rating equivalent to a defaulted bond. Cash is included and receives the highest rating.

Source: Bloomberg (© 2021, Bloomberg Finance LP). 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. Characteristics, region and currency weightings are subject to change and should not be considered as investment recommendations. It should not be assumed that investment in the regions or currencies listed and account quality ratings or duration ranges were or will prove profitable, or that investment decisions we make in the future will be profitable. Region and currency weights, account quality ratings or duration ranges with regard to any particular client account may vary based on any investment restrictions applicable to the account. There may be additional risks associated with international investments. International securities and ADRs may be subject to risks including, but not limited to: market/currency fluctuations, investment risks, and other risks involving foreign economic, political, monetary, taxation, auditing and/or legal factors. These risks may be magnified in emerging markets. International investing may not be suitable for everyone. Ratings by S&P or another Nationally Recognized Statistical Rating Organization (NRSRO). Brandywine Global Investment Management, LLC 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 J.P. Morgan 50% HC 50% LC (50% JP Morgan GBI - EM Global Diversified, 25% JP Morgan EMBI Global Diversified, 25% JP Morgan CEMBI Broad Diversified) Index is a comprehensive blend of global emerging market indices, consisting of investable government and corporate bonds issued in both developed and emerging market currencies. 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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