

Global Alternative Credit

Objective

The investment objective of the strategy is to generate income and capital gains. The portfolio seeks to both (1) earn positive annual inflation-adjusted returns and (2) outperform the FTSE 3-month T-Bill by 6% (net of fees), on an average annual basis, over a complete economic cycle of several years.

Universe

The investable universe is global high yield corporate bonds rated below BBB- or Baa3 and non-agency mortgage-backed and other mortgage-related securities trading at distressed prices. The strategy may also consider investment in unrated securities deemed to be of comparable quality and may also take positions in bank loans, defaulted bonds and bank loans, investment-grade corporate bonds, U.S. Treasuries, credit default swaps, emerging market debt, equities (listed and unlisted), preferred stock, convertible securities, and currencies. In addition, the strategy may also utilize derivatives and take short positions to manage beta.

Our Competitive Advantage

The strategy seeks the best high yield opportunities around the globe while applying a disciplined macro-driven approach to risk management. Fundamental research and quantitative screens are an integral part of the bottom-up security selection process while top-down decisions establish the portfolio's quality, sector, country, and currency biases.

Investment Process Summary

Summary

Construction of the portfolio combines the Global Fixed Income team's macroeconomic strategy with the quantitative and fundamental sector and security selection analysis. Yield, option-adjusted spread, and expected total return adjusted for default probability are our primary measures of value. Thus, investments are typically concentrated in sectors and individual issuers deemed to offer the best total return potential.

Global High Yield

We apply our top-down global fixed income process when making global high yield investments to establish the cyclical quality bias of the portfolio. This macroeconomic perspective is combined with our quantitative screens and fundamental analysis when constructing high yield portfolios. Cheapness is determined using these quantitative and qualitative credit tools. The subsequent portfolio will generally consist of high yield issues that we believe to be undervalued by the credit markets.

Securitized Securities

Our analytical framework is focused in four primary areas: collateral analysis, deal structure analysis, performance analysis, and valuation. This analytical framework provides potential returns in a more distressed environment and determines the margin of safety relevant to the current price of the security.

Beta Overlay

Equity indices and other currency/credit strategies can augment directional risk exposures. Equity indices are exchange-traded, which provide more transparency and liquidity than over-the-counter agreements.

Sell Discipline

We follow a disciplined approach to sell decisions, with issues sold for two primary reasons — valuation and fundamental deterioration. An issue may be sold as it approaches our yield target and/ or another more compelling opportunity arises. Alternatively, an issue may be sold when the initial thesis is no longer valid and significant downside is likely.



At a Glance

- Portfolio construction combines the Global Fixed Income team macroeconomic strategy with the quantitative and fundamental sector and security selection analysis of the High Yield Credit and Mortgage team
- Yield, option-adjusted spread, and expected total return adjusted for default probability are our primary measures of value
- Portfolio normally consists of 50 to 100 positions
- Investments typically are concentrated in sectors and individual issuers we believe offer the best total return potential

Characteristics^{1,2}

Avg. Quality ³	BB-
Avg. Eff. Duration (Yrs.)	3.87
Avg. Coupon (%)	7.72
Avg. Yield-to-Worst (%)	7.61
Avg. Yield-to-Maturity (%)	7.63
Number of Issues	41

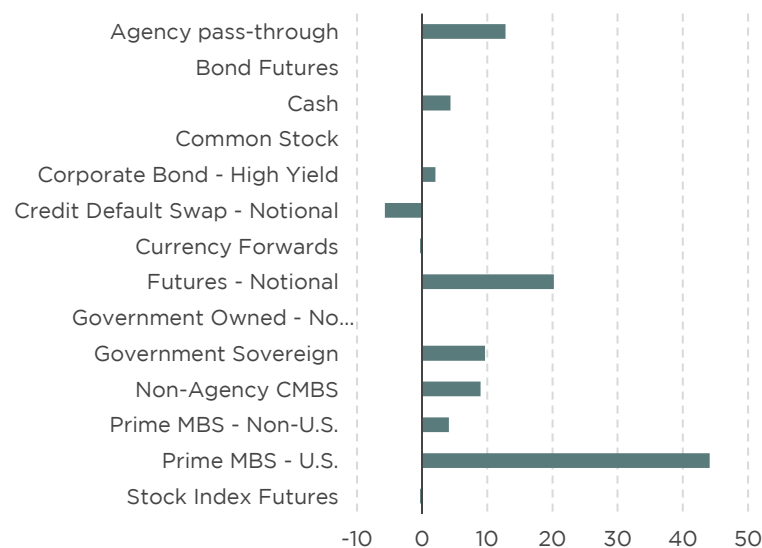
Quality Ratings^{1,2} (%)

BBB or Higher	44.4
BB	18.8
B	10.2
CC-D	2.7
N/R	23.9

Region Allocation^{1,2} (%)

North & Central America	87.7
Eurozone	4.1
Emerging Markets	9.1
Other	-0.9

Sector Weights^{1,2} (%)



Assets Under Management (M) (Shown in USD)

Brandywine Global, Firmwide	54,241
Fixed Income Product Group	41,834
Global Alternative Credit	125

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

	Gross	Net	F3MTB600
2023	-3.96	-4.56	5.27
2022	-0.85	-2.09	7.51
2021	6.29	4.98	5.97
2020	3.08	1.81	6.56
2019	7.72	6.39	8.25
2018	1.45	0.19	7.86
2017	10.22	8.86	6.84
2016	6.94	5.62	6.27
2015	-4.01	-5.21	6.03
2014	11.35	9.71	6.03
2013	9.00	7.12	6.05

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

Sharpe Ratio	0.85
Sortino Ratio	0.88
Information Ratio	0.06

Portfolio Managers



Brian L. Kloss, JD, CPA
Portfolio Manager
26 Years of Experience



Tracy Chen, CFA, CAIA
Portfolio Manager
20 Years of Experience

Data as of June 30, 2023
Past performance is no guarantee of future results.



Annualized Returns (%) (Results shown in USD)

	Gross	Net	F3MTB600	BGHY
QTD	-1.20	-1.51	2.66	2.02
YTD	-3.96	-4.56	5.27	5.23
1 Year	-3.69	-4.89	9.76	10.50
3 Year	3.24	1.96	7.31	1.36
5 Year	2.38	1.12	7.54	1.92
7 Year	4.27	2.98	7.36	3.17
10 Year	4.30	2.96	6.97	3.52
Since Inception	8.72	7.22	6.77	4.90

Inception Date: 9/1/2010

GIPS Information (%) (Results shown in USD)

Year or YTD	Gross	Net	F3MTB600	BGHY	# of Accounts	Market Value (M)	Total Firm Assets (M)	Composite Dispersion	Composite Rolling 3Y SD	F3MTB600 Rolling 3Y SD	BGHY Rolling 3Y SD
2023	-3.96	-4.56	5.27	5.23	2	126	54,241	-	4.66	0.51	9.44
2022	-0.85	-2.09	7.51	-12.71	2	157	52,601	-	10.91	0.30	12.58
2021	6.29	4.98	5.97	0.99	2	255	67,356	-	10.41	0.28	10.65
2020	3.08	1.81	6.56	7.03	2	277	63,872	-	10.41	0.23	10.76
2019	7.72	6.39	8.25	12.56	3	693	74,024	-	2.18	0.18	4.62
2018	1.45	0.19	7.86	-4.06	3	680	70,070	-	3.46	0.19	5.02
2017	10.22	8.86	6.84	10.43	4	612	74,382	-	4.03	0.10	5.65
2016	6.94	5.62	6.27	14.27	4	501	65,498	-	4.30	0.03	6.24
2015	-4.01	-5.21	6.03	-2.72	4	918	68,819	-	4.18	0.01	5.68
2014	11.35	9.71	6.03	0.01	3	837	63,375	-	4.21	0.01	5.90
2013	9.00	7.12	6.05	7.33	1	48	50,050	-	4.79	0.01	7.90

Data as of June 30, 2023 F3MTB600 = FTSE 3 Month T-Bill + 600bps BGHY = Bloomberg Global High Yield 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, 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 Global Alternative Credit Composite has had a performance examination for the periods September 1, 2010 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. GIPS® 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: The Global Alternative Credit Composite (the "Composite") Inception date: September 1, 2010. Creation date: September 1, 2010. The Composite includes all fully discretionary, fee-paying, actively managed Global Alternative Credit accounts with no composite minimums. The investable universe is generally comprised of high yield corporate bonds rated below BBB- or Baa3 by at least one rating agency and non-agency mortgage-backed and other mortgage related securities that are trading at distressed prices. The Strategy may also consider investment in unrated securities deemed to be of comparable quality, and may also take positions in bank loans, defaulted bonds and bank loans, investment grade corporate bonds, US Treasuries, credit default swaps, emerging market debt, equities (listed and unlisted), preferred stock, convertible securities, and currencies. In addition, the Strategy may also utilize futures, leverage, and take short positions in various investment instruments (including but not limited to equity index futures, equities, bonds, loans, CDS, etc.) to manage the beta and directionality of the portfolio. The portfolios are typically invested in 50-100 securities. Effective 04/01/2020 the primary benchmark was changed from London-Interbank Offered Rate (LIBOR) + 6.00% to the custom benchmark of the FTSE 3-Month U.S. Treasury Bill Index + 6.00%. This benchmark change was made in anticipation of the LIBOR being discontinued. Retroactively applied since composite inception date. Primary Benchmark Description: The FTSE 3-Month U.S. Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. Each month the index is rebalanced and the issue selected is the outstanding Treasury Bill that matures closest to, but not beyond 3 months from the rebalancing date. An annual return of 6.00% is then added to the return. Secondary Benchmark Description: The Bloomberg 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. 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-fees returns is calculated using a model approach whereby we use the current highest tier of the appropriate strategy's fee schedule as disclosed in the Form ADV. 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 initial investment: \$50 million): 1.250% flat fee on all assets or 1.000% base fee on market value and performance fee equal to the portfolio return minus 1% times 10%. Any 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

F3MTB600 = FTSE 3 Month T-Bill Index + 600bps BGHY = Bloomberg Global High Yield Index

* High Yield Debt consists of nonsovereign investments with below investment grade ratings (below BBB- or the equivalent) assigned by all NRSROs that provide such a rating. NRSRO means one of the following Nationally Recognized Statistical Rating Organizations: Standard and Poor's Ratings Services, Moody's Investor Service, Inc., and Fitch, Inc. Ratings categories for country/currency are determined by the local currency long-term debt ratings assigned by NRSROs.

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 Global Alternative Credit GIPS report.

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 (© 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. The metrics shown are only one component of performance and are not and should not be viewed as a statement of the future performance of the strategy. There is no guarantee that holding securities with any of the risk metrics shown will cause the portfolio to outperform its benchmark. 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. 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® reports, which include performance footnotes, fee schedules, detailed index descriptions, and disclosures.

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Brandywine GLOBAL

Brandywine Global Investment Management, LLC

1735 Market Street
 Suite 1800
 Philadelphia, PA 19103


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