

# Global High Yield

## Strategy Profile

### OBJECTIVE

We strive to provide an attractive total return by seeking to generate a high level of global income and modest capital gains, while attempting to protect against inflation. Over a complete economic cycle of several years, we seek to outperform the global high yield benchmark, on an average annual basis, by more than one percentage point net of fees.

### UNIVERSE

Global high yield corporate debt issuers generally rated below BBB- or Baa3 by at least one rating agency. On occasion, the strategy will invest in unrated securities deemed to be of comparable quality. We may also invest, to limited degrees and dependent on client guidelines, in investment-grade corporate bonds, emerging market debt, preferred stock, and convertible securities.

### INVESTMENT PROCESS SUMMARY

#### Summary

We apply our top-down global fixed income process when structuring global high yield portfolios. The top-down process establishes the cyclical quality bias of the portfolio. This macroeconomic and currency perspective is combined and incorporated with our quantitative screens and fundamental analysis when constructing global high yield portfolios. The cheapness of individual sectors and issuers is determined using these quantitative and qualitative credit tools. The subsequent portfolio will generally consist of 50 to 100 global high yield corporate bonds that we believe to be undervalued by the credit markets.

#### Quantitative Screens

Based on our proprietary quantitative deselection screen, we aim to identify those sectors and issuers that offer greater yield and return than the index with lower comparable risk. Our quantitative deselection screen identifies those sectors and issuers based on a number of factors including (i) sector economics and risks; (ii) yield and option-adjusted spread analysis; and (iii) the probability of credit default or coercive restructuring.

#### Fundamental Analysis

We believe that fundamental research is critical to constructing a portfolio that will outperform its representative index. We focus on identifying those issuers based on their future ability to provide a better than index yield and total return. We analyze the (i) quality of a company's earnings in relation to management's goals and risk tolerance, (ii) specific issuer bond covenants, (iii) position of an issue within the capital structure, and (iv) value and range of a firm's assets across the respective capital structure.

### SELL DISCIPLINE

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

### 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.*

  
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## AT A GLANCE

- Primary Benchmark: Bloomberg Barclays Global High Yield Index or other high yield benchmark, as specified by client direction
- Portfolio construction combines the Global Fixed Income team macroeconomic and currency strategy with the quantitative and fundamental sector and security selection analysis of the High Yield team
- Yield, option-adjusted spread, and expected total return adjusted for default probability are our primary measures of value
- Investments typically are concentrated in sectors and individual issuers that we believe offer the best total return potential
- Portfolios normally consist of 50 to 100 corporate domestic and foreign issuers with position sizes limited to 5% at purchase

## TYPICAL INVESTMENT GUIDELINES

Allocation Ranges for Selected Countries and Currencies\*

	Country	Currency
U.S.	0%-100%	0%-100%
Non-U.S.	0%-100%	0%-100%

- Corporate bonds issuers rated below investment grade
- Position sizes limited to 5% at purchase
- No more than 25% of portfolio in any one sector
- Maximum cash position of 10%

CHARACTERISTICS<sup>1, 2</sup>

	Global High Yield	BGHY
Average Quality	BB	B1/B+
Average Maturity (Years)	7.18	6.85
Average Modified Duration (Years)	3.27	4.21
Average Coupon (%)	5.78	6.20
Current Yield (%)	5.39	6.09
Average Yield-to-Worst (%)	4.80	5.11

QUALITY RATINGS (%)<sup>1, 2</sup>

BBB or Higher	19.0
BB	38.7
B	35.5
CCC	6.8
CC-D	-
NR	-

REGION ALLOCATION (%)<sup>1, 2</sup>

North & Central America	76.7
Eurozone	9.3
Europe Ex-Eurozone	5.1
Japan	-
Asia-Pacific Ex-Japan	-
South America	1.0
Middle East & Africa	-
Emerging Markets	8.2
Supranational	-
Other	-0.3

## ASSETS UNDER MANAGEMENT (M) (Shown in USD)

Brandywine Global, Firmwide	73,890
Fixed Income Product Group	57,674
Global High Yield	815

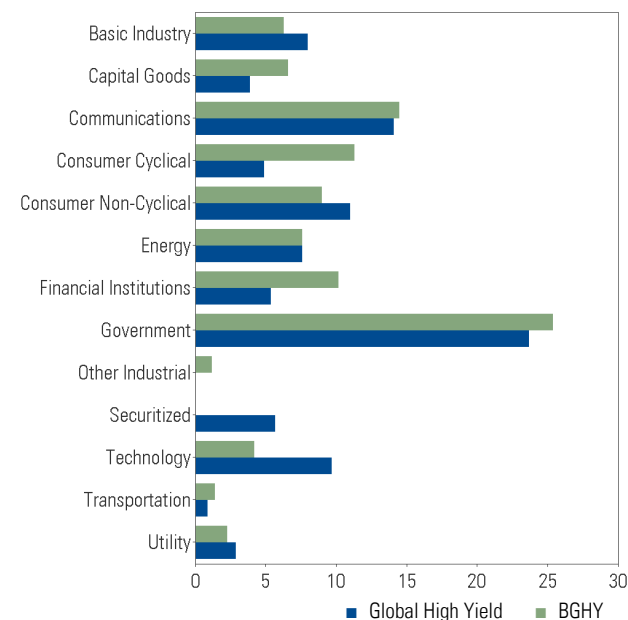
ANNUALIZED RETURNS<sup>2</sup> (%) (Results shown in USD)

	Gross	Net	BGHY	BAGHY
QTD	3.38	3.21	2.84	2.87
YTD	9.24	8.72	9.48	9.36
1 Year	10.64	9.93	9.28	9.86
3 Year	5.61	4.93	5.86	5.49
5 Year	6.50	5.81	6.44	6.29
7 Year	8.10	7.41	7.35	7.15
Since Inception	9.10	8.40	8.26	7.95

Inception Date: 1/1/2010

CALENDAR YEAR RETURNS<sup>2</sup> (%) (Results shown in USD)

	Gross	Net	BGHY	BAGHY
2017	9.24	8.72	9.48	9.36
2016	14.42	13.69	14.27	14.77
2015	-3.63	-4.25	-2.72	-4.17
2014	1.02	0.37	0.01	-0.09
2013	7.48	6.79	7.33	7.96
2012	18.02	17.26	19.60	19.30
2011	7.20	6.51	3.12	2.63
2010	18.73	17.98	14.83	13.89

SECTOR WEIGHTS (%)<sup>1, 2</sup>

Past performance is no guarantee of future results.

**LEAD PORTFOLIO MANAGERS****GERHARDT (GARY) P. HERBERT, CFA** PORTFOLIO MANAGER AND HEAD OF GLOBAL CREDIT

Gary is a portfolio manager and head of global credit. Gary joined Brandywine Global in March 2010, bringing with him over 20 years of high yield experience. Previously, Gary was a Managing Director, Portfolio Manager with Guggenheim Partners, LLC (2009-2010); a Managing Director, Portfolio Manager with Dreman Value Management, LLC (2007-2009); and an Executive Director, Portfolio Manager (1999-2007) and Associate (1994-1998) with Morgan Stanley Investment Management. Gary earned his M.B.A. with Honors from Columbia University, and a Bachelor Degree from Villanova University. He also holds his Chartered Financial Analyst certification and is a member of the Philadelphia Scholars Program Investment Committee.

**BRIAN L. KLOSS, JD, CPA** PORTFOLIO MANAGER AND HEAD OF HIGH YIELD

Brian is a portfolio manager and head of high yield. Brian joined Brandywine Global in December 2009, bringing with him over 10 years of high yield and distressed debt experience. Previously, Brian was co-portfolio manager at Dreman Value Management, LLC (2007-2009); high yield analyst/trader at Gartmore Global Investments (2002-2007); high yield and equity portfolio manager and general analyst at Penn Capital Management, Ltd. (2000-2002); an analyst with The Concord Advisory Group, Ltd. (1998-2000); and an international tax consultant with Deloitte & Touche LLP (1995-1998). Brian earned his J.D. from Villanova School of Law and graduated summa cum laude with B.S. in Accounting from University of Scranton. He is also a member of the New Jersey and Pennsylvania Bar and is a Pennsylvania Certified Public Accountant.

**INVESTMENT TEAM****MICHAEL ARNO, CFA** RESEARCH ANALYST

Mike is a research analyst on the Global Credit team. He is responsible for providing credit research analysis and support. He joined Brandywine Global as a product specialist within client service in 2006 and has been a member of the Global Credit team since April 2011. Prior to joining Brandywine Global in 2006, Mike was an associate for the Vanguard Group (2004-2006). A CFA® charterholder, he earned a B.S. in Finance from Temple University.

**ALBERTO J. BOQUIN, CFA** RESEARCH ANALYST

Alberto Boquin is a research analyst on the Global Fixed Income team. Prior to joining Brandywine Global in June 2016, Alberto was a global currency strategist at J.P. Morgan Asset Management (2011-2016). Previously, he worked as a Latin America fixed income strategist at Bank of America Merrill Lynch (2006-2011). Alberto earned his B.A. in Ethics, Politics, and Economics from Yale University and is a CFA® charterholder.

**J. PATRICK BRADLEY** SENIOR VICE PRESIDENT, INVESTMENT RESEARCH

As a Senior Vice President of the Firm's Global Fixed Income and related strategies, Patrick provides valuable analytical and strategic insight. Patrick joined the Firm in June 2005. Previously, he was senior director of institutional client strategy with SEI Investments (2000-2005), Director of Research and Investment Strategy of Mercantile Safe-Deposit & Trust Company (1997-2000), and director of research for PNC Financial (1981-1997). Patrick earned an M.A. in Urban Economics, an M.A. in Economics, and a B.S. in Political Science from the University of Delaware.

**TRACY CHEN, CFA, CAIA** PORTFOLIO MANAGER AND HEAD OF STRUCTURED CREDIT

As a portfolio manager and head of structured credit, Tracy is responsible for conducting credit analysis on mortgage-backed and other structured securities, with special emphasis on collateralized mortgage obligations (CMOs), collateralized loan obligations (CLOs), and other structured products. She also monitors and analyzes the investment merits of global corporate debt issues. She joined the Firm in August 2008. Prior to joining Brandywine Global, she was with UBS Investment Bank as director of the fixed income valuation group (2006-2008), GMAC Mortgage Group as a mortgage pricing analyst (2003-2006), Deloitte Consulting as a senior corporate strategy consultant (2001-2003), and J&A Securities Ltd. in Shenzhen, China as an international corporate finance associate (1995-1999). Tracy earned an MBA with a concentration in Finance from Kenan-Flagler Business School at the University of North Carolina, an M.A. in American Studies from Sichuan University in Chengdu, China, and a B.A. in English for Scientific Purposes from University of Electronic Science & Technology of China in Chengdu, China. Tracy is a CFA® charterholder and earned the Chartered Alternative Investment Analyst (CAIA) charter in 2010. She was also published in the Spring 2007 edition of The Journal of Structured Finance.

**MY DUONG** GLOBAL MACRO RESEARCH SPECIALIST

As a global macro research specialist, My provides support to Francis Scotland, director of macroeconomic research. My maintains a financial/economic database and internal website, which are used to support research tasks as well as respond to research requests from members of the Global Fixed Income team. My joined the Firm in July 2016. She previously held several intern and cooperative positions within the industry, including as an investment analyst with the Global Opportunities Team at BlackRock (2015), an investment analyst at the VinaCapital Vietnam Opportunity Fund Ltd. (2014), and as a financial planning analyst at PECO Energy, an Exelon Company (2013). My obtained both her B.S. in Mathematical Economics and B.S. in Business Administration from Drexel University.

**DAVID F. HOFFMAN, CFA** MANAGING DIRECTOR & PORTFOLIO MANAGER

David is co-lead portfolio manager for the Firm's Global Fixed Income and related strategies. He joined the Firm in 1995. Previously, David was president of Hoffman Capital, a global financial futures investment firm (1991-1995); head of fixed income investments at Columbus Circle Investors (1983-1990); senior vice president and portfolio manager at INA Capital Management (1979-1982), and fixed income portfolio manager at Provident National Bank (1975-1979). David is a CFA® charterholder and earned a B.A. in Art History from Williams College. He is a member of the Firm's Executive Board, currently serving as the Board's chair.

**RENATO LATINI, CFA** RESEARCH ANALYST

Renato is a high yield research analyst on the Global Credit team. He is responsible for providing global macro and credit research analysis and support. Renato joined Brandywine Global in 2006 as a trader for the Firm's Global Fixed income and related strategies. Prior to joining Brandywine Global in 2006, Renato was an investment analyst at Watson Wyatt Investment Consulting (2004-2006). He is a CFA® charterholder and earned a B.A. in Physics and Economics from the University of Pennsylvania.

**RICHARD LAWRENCE** SENIOR VICE PRESIDENT, PORTFOLIO MANAGEMENT

Richard's role on the Global Fixed Income team includes portfolio implementation, research and communicating details of our investment strategies to clients, prospects and consultants. Previously, Richard managed Brandywine Global's institutional client service function, maintaining and enhancing relationships with institutional clients, specializing in Global Fixed Income and related strategies. Richard joined the Firm in April 2005. Previously, he served in a variety of roles at Goldman Sachs Asset Management (1994-2004). Richard also has worked for Booz Allen Hamilton, Inc. (1992-1994), Salomon Brothers (1987-1992), Acsis, Inc. (1986-1987), and Hoskyns Group (1985-1986). He earned a B.Sc. with first-class honors in Computer Science from the University of Westminster in London.

**CAROL LYE** RESEARCH ANALYST

As a Research Analyst, Carol conducts macroeconomic research and analysis with a focus in the Asia Pacific region for the Firm's fixed income strategies. Additionally she is responsible for communicating details and presenting our investment strategies to clients, prospects and consultants in Asia. She joined the Firm in October 2008 as a fixed income research analyst and is based out of the office of Brandywine Global Investment Management (Asia) Pte., Ltd. in Singapore. Previously, she served as an economist with the Monetary Authority of Singapore where she analyzed domestic and external economies (2007-2008). She was also a summer analyst with the fixed income capital market division of Goldman Sachs in London (2006). Carol earned an MSC in Finance and Economics from the University of Warwick in the United Kingdom and a BSc in Economics from the National University of Singapore.

**JACK P. MCINTYRE, CFA** PORTFOLIO MANAGER

Jack is a portfolio manager for the Firm's Global Fixed Income and related strategies. He joined the Firm in 1998. Previously, he held positions as market strategist with McCarthy, Crisanti & Maffei, Inc. (1995-1998); senior fixed income analyst with Technical Data, a division of Thomson Financial Services (1992-1995); quantitative associate with Brown Brothers Harriman & Co. (1990), and investment analyst with the Public Employee Retirement Administration of Massachusetts (1987-1989). Jack is a CFA® charterholder and earned an M.B.A. in Finance from the Leonard N. Stern Graduate School of Business at New York University and a B.B.A. in Finance from the University of Massachusetts, Amherst.

**DOROTHEE RAINIS** RESEARCH ANALYST

Dorothee Rainis is a research analyst on the Global Fixed Income team. Prior to joining Brandywine Global in June 2016, Dorothee held the positions of special situations analyst at VDM Capital (2008-2009), investment associate at Oryx Capital (2009-2012), and macroeconomics analyst at Ethna Capital Management (2012-2014), all in Switzerland. She has passed the first levels of the CFA® and CAIA exams. Dorothee received her M.S. in Mathematics and Computer Science from the University of Tuebingen (Germany), a Master's in Corporate Finance from SDA Bocconi (Italy), and an M.B.A. with a major in Finance from The Wharton School of the University of Pennsylvania.

**ANUJEET SAREEN, CFA** PORTFOLIO MANAGER

Anujeet Sareen is a portfolio manager for the Firm's Global Fixed Income and related strategies. Prior to joining the Firm in 2016, Anujeet was a managing director of global fixed income and a global macro strategist, as well as chair of the Currency Strategy Group at Wellington Management in Boston. Over his 22-year career at Wellington (1994-2016), he held a variety of roles while cultivating extensive fixed income and currency management experience. Anujeet is a CFA® charterholder and earned a B.A. in Computer Science from Brown University.

**FRANCIS A. SCOTLAND** DIRECTOR OF GLOBAL MACRO RESEARCH

Francis joined the firm in 2006 and has developed a proprietary global macroeconomic research structure to support the fixed-income group's investment process, and also provides investment ideas and strategic asset allocation recommendations. From 1984 until 2005, Francis was a principal of the BCA Research Group ('BCA'), formerly the Bank Credit Analyst, and head of global investment strategy. BCA is well known in the investment community for providing high quality and independent top-down macro forecasts and investment strategy. In addition to his strategist's role, he drove product development at the firm and contributed to its growth until the firm was sold in 2001. In the final three years at BCA, Francis was Editor-in-Chief of all the firm's investment research products. He spent several years in the policy departments of the Bank of Canada in the early 1980s working in the areas of monetary, economic and financial analysis. Francis has a Master's degree in Economics from the University of Western Ontario in London, Canada and an Honors BA in Economics from Queen's University in Kingston, Canada. He has lectured at a variety of economic, financial and investment conferences/seminars across North America, Asia and Europe and has written several editorials and essays for a range of financial publications including the Financial Times of London.

**STEPHEN S. SMITH** MANAGING DIRECTOR & PORTFOLIO MANAGER

Steve is co-lead portfolio manager for the Firm's Global Fixed Income and related strategies. He is a member of the Firm's Executive Board. He joined the Firm in 1991 to diversify the Firm's investment strategies and start the global fixed income product. Previously, Steve was with Mitchell Hutchins Asset Management, Inc. as managing director of taxable fixed income (1988-1991); Provident Capital Management, Inc. as senior vice president overseeing taxable fixed income (1984-1988); Munsch & Smith Management as a founding partner (1980-1984), and First Pennsylvania Bank as vice president and portfolio manager in the fixed income division (1976-1980). Steve earned a B.S. in Economics and Business Administration from Xavier University, where he is currently chair of the university's investment and plant & building committees, a member of the executive committee, and serves on the board of trustees. Steve is also a member of the board of trustees at the Winterthur Museum & Country Estate, a nonprofit, educational institution.

**MIN TIAN, CFA** GLOBAL MACRO RESEARCH ASSOCIATE

As a global macro research associate, Min provides support to Francis Scotland, director of macroeconomic research. Min maintains a financial/economic database and internal website, which are used to support research tasks as well as respond to research requests from members of the Global Fixed Income team. Min joined the Firm in October 2006. Previously, she worked as a data analyst for the Bank of New York (2006) and as a research assistant for the University of Delaware (2005-2006). Min earned a M.S. in Agricultural Economics from the University of Delaware and a B.S. in Pharmacy from West China University of Medical Science. She is a CFA® charterholder.

**WILLIAM VAUGHAN<sup>3</sup>** RESEARCH ANALYST

William is a research analyst on the Global Credit team. He joined the firm in June 2015 and is based out of the office of Brandywine Global Investment Management (Europe) Ltd. in London. Previously, he was a European high yield analyst with Crédit Agricole Corporate & Investment Bank in London (2013-2015). William has also worked for Deutsche Bank Securities (New York)(2011-2012). He earned his M.Sc. in Carbon Management and Economics from the University of Edinburgh Business School and his B.Sc. in Environmental Geoscience from Durham University. He holds the UK Investment Management Certificate (IMC) and is a member of the CFA® Society of the United Kingdom.

**STEPHEN YE, CFA** RESEARCH ANALYST

Stephen Ye serves as a mortgage-backed securities analyst to the Global Fixed Income and Global Credit teams. Before joining Brandywine Global in 2015, Stephen worked for Moody's Investors Service in New York City as a structured credit associate analyst. He has also worked for Fitch Ratings Inc. and ZS Associates. Stephen earned his B.B.A. in Finance and Economics from Hong Kong Lingnan University and his M.S. in Financial Mathematics at the University of Michigan – Ann Arbor. He is a CFA® charterholder.

**TRADERS****DARREN P. CLIPSTON, CFA** TRADER

Darren Clipston is a trader on the Global Fixed Income team. Darren joined Brandywine Global in 2016, coming from Radcliffe Capital Management where he served as head trader and as a credit analyst covering the metals, mining, and industrial sectors. Previously, he held positions at Tallis Capital Management, Drake Management, LLC, Sagamore Hill Capital Management, Greenwich Capital Markets, and RFC Ambrian. He earned an M.A. in Mathematics from Columbia University in addition to bachelor's degrees in Electrical Engineering and Commerce in Operations Research, both from the University of Western Australia. Darren is a CFA® charterholder.

**TRAVIS CRUMLEY** TRADER

Travis is a trader for the Firm's Global Fixed Income and related strategies. Prior to joining the trading group in June 2008, he provided quantitative and fundamental analysis and support as a fixed income client service associate. His additional experience within the industry includes serving as funds investor services assistant with Legg Mason (2004-2005). Travis earned a B.A. in Communications from the University of Delaware. He is also commercially licensed and instrument rated by the Federal Aviation Administration to operate single and multi engine aircraft.

**DENNIS W. DOW** HEAD TRADER, FIXED INCOME

Dennis is the head trader for the Firm's Global Fixed Income and related strategies. He joined Brandywine Global in 2000. Previously, Dennis was with Merrill Lynch Asset Management as vice president and portfolio manager (1992-1999). He earned a B.A. in Accounting, with a concentration in Finance, from Rutgers University School of Business.

**KRISTEN MUGAN** TRADER

Kristen is a trader for the Firm's Global Fixed Income and related strategies. Before joining the trading group in August 2010, she was a staff accountant responsible for account reconciliation, revenue calculation, and financial statement analysis. Prior to joining the Firm in 2007, she was a staff accountant with Popular Financial Holdings and the Borgata Hotel, Casino & Spa. Kristen earned a M.S. in Financial Services from Saint Joseph's University and a B.S. in Business Studies: Corporate Accounting from The Richard Stockton College of New Jersey.

**W. KEVIN VALDEZ, CFA** ASSISTANT TRADER

Kevin is an assistant trader for the Firm's Global Fixed Income and related strategies. Prior to joining the trading group in September 2016, Kevin was a senior data quality analyst responsible for calculating fixed income security metrics and valuations, as well as verifying data integrity. Before joining the Firm in 2011, he was a senior operations associate at BNY Mellon (2007-2011) and served as a mutual fund accountant for SEI Investments (2005-2006). Kevin earned a B.S. in Business Administration from Drexel University. He is a CFA® charterholder.

**JOFFRE C. WELLS** TRADER

Joffre is a trader for the Firm's Global Fixed Income and related strategies. Prior to joining the trading desk in May 2013, he supported the Global Fixed Income team as a senior portfolio compliance associate (2012-2013). He previously served as a global rates trader (2007-2011) and portfolio compliance analyst (2003-2006) with BlackRock and a technology consultant with the Chubb Group of Insurance Companies (2000-2003). Joffre earned an MBA in Investment Management & Management Information Systems from Drexel University, an M.S. in Finance from Drexel University, and a BBA in Finance from Temple University.

## ANNUALIZED RETURNS (%) (Results shown in USD)

	Gross	Net	BGHY	BAGHY
QTD	3.38	3.21	2.84	2.87
YTD	9.24	8.72	9.48	9.36
1 Year	10.64	9.93	9.28	9.86
3 Year	5.61	4.93	5.86	5.49
5 Year	6.50	5.81	6.44	6.29
7 Year	8.10	7.41	7.35	7.15
Since Inception	9.10	8.40	8.26	7.95

Inception Date: 1/1/2010

## GIPS INFORMATION (% , Unless Otherwise Noted) (Results shown in USD)

	Gross	Net	BGHY	BAGHY	# of Accounts	Market Value (M)	Total Firm Assets (M)	Composite Dispersion	Composite Rolling 3Y SD	BGHY Rolling 3Y SD	BAGHY Rolling 3Y SD
2017	9.24	8.72	9.48	9.36	5	509	73,890	-	5.72	5.93	6.15
2016	14.42	13.69	14.27	14.77	5	507	65,498	-	6.04	6.24	6.43
2015	-3.63	-4.25	-2.72	-4.17	6	418	68,819	0.23	5.55	5.68	5.74
2014	1.02	0.37	0.01	-0.09	6	495	63,375	-	5.53	5.90	5.63
2013	7.48	6.79	7.33	7.96	5	189	50,050	-	6.58	7.90	7.87
2012	18.02	17.26	19.60	19.30	4	128	42,894	-	7.00	8.97	9.05
2011	7.20	6.51	3.12	2.63	2	39	33,122	-	-	-	-
2010	18.73	17.98	14.83	13.89	1	18	31,996	-	-	-	-

BGHY = Bloomberg Barclays Global High Yield Index    BAGHY = BofA Merrill Lynch Global High Yield Index

Organization: Brandywine Global Investment Management, LLC (the "Firm") is a wholly owned, independently operated, subsidiary of Legg Mason, Inc. The Firm has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS). For the periods July 1, 2000 through June 30, 2016, the Firm has been verified by Kreisler Miller. A verification includes assessing whether the Firm (1) complied with the composite construction requirements of the GIPS standards on a firm-wide basis, and (2) designed its processes and procedures to calculate and present performance results in compliance with the GIPS standards. A copy of the verification report is 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: The Global High Yield Composite (the "Composite") Inception date: January 1, 2010. Creation date: January 1, 2010. The Composite includes all fully discretionary, fee-paying, actively managed Global High Yield Non-Constrained accounts with no composite minimums. The holdings consist of high yielding instruments issued globally that Brandywine believes are going to produce a high level of current income and capital appreciation. The portfolios are typically invested in 50-100 securities. Effective 11/30/12, the secondary benchmark was changed to the BofA Merrill Lynch Global High Yield, which is more reflective of the strategy. Benchmark: The Bloomberg Barclays 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. The BofA Merrill Lynch Global High Yield Index tracks the performance of USD, CAD, GBP, and EUR denominated below investment grade corporate debt publicly issued in the major domestic or eurobond markets. 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 Separate Account Management Fee Schedule (minimum initial investment: \$5 million): 0.650% on the first \$25 million; 0.600% on the next \$75 million, and 0.550% on any portion of assets in excess of \$100 million. Institutional Client Commingled Account Management Global Investment Trust Fee Schedule (minimum initial investment: \$1 million): 0.650% on the first \$25 million; 0.600% on the next \$75 million, and 0.550% 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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## FOOTNOTES &amp; DISCLOSURES

BGHY = Bloomberg Barclays Global High Yield Index    BAGHY = BofA Merrill Lynch Global High Yield Index

\* Limits for allocation ranges for selected countries and currencies are based on market values.

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 Global High Yield Composite GIPS-compliant presentation
3. Employee of Brandywine Global Investment Management (Europe) Limited. In rendering portfolio management services, Brandywine Global Investment Management, LLC may use the portfolio management services, research and other resources of its affiliates.

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