

Global High Yield

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. Our goal is to outperform the benchmark by 1% (net of fees), on an average annual basis, over a complete economic cycle of several years.

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

We apply our top down global fixed income process when structuring global high yield portfolios. This macroeconomic and currency perspective is combined and incorporated with our 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.

Research Process Focused on Fundamental Credit Analysis

Our company analysis focuses on the fundamental economic drivers of the business and assesses whether there is adequate financial strength and flexibility to meet ongoing commitments. Avoiding deteriorating situations is critical to delivering consistent results. We evaluate not only the business prospects of the issuer but also whether the current price is attractive relative to risk. In analyzing the underlying risk/return relationship, we look at the individual bond characteristics such as coupon, tenor, covenants, call schedule, bond rating, and size, which all factor into the price we are willing to pay. We take a position in a security when we have sufficient downside protection and it is priced attractively. We seek to invest in businesses with improving return on invested capital, stable or improving competitive advantages, manageable balance sheets, and outstanding managers and employees.

We also evaluate management's treatment of bondholders and stockholders. We believe management teams that understand the competitive dynamics of their business and employ prudent capital allocation often produce value for bondholders and stockholders.

Security Selection on Strong Theses

After the credit research is complete, the portfolio managers determine whether a security is attractive relative to asset and interest coverage and relative to other securities with comparable risk. We will only own the bonds of a company that we can analyze and value.

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 support the the bottom up security selection process. Our process is disciplined, repeatable, and adaptable:

- Manage independent of benchmark weights
- Liquidity provider rather than a liquidity taker
- Nimble in the secondary market, selective in the new issue market
- High conviction portfolio
- Full-cycle approach



At a Glance

- Primary Benchmark: Bloomberg 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, excluding issues of the U.S. Government

Characteristics^{1,2}

	Strategy	Benchmark
Avg. Quality ³	BB-	B+
Avg. Maturity (Yrs.)	4.01	5.86
Avg. Eff. Duration (Yrs.)	3.12	3.63
Avg. Coupon (%)	6.65	5.79
Current Yield (%)	6.54	6.43
Avg. Yield-to-Worst (%)	7.60	8.20

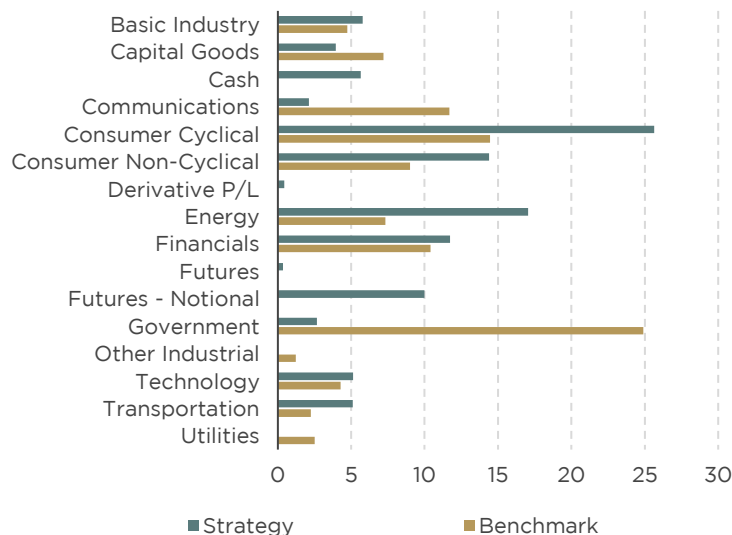
Quality Ratings^{1,2} (%)

BBB or Higher	13.5
BB	32.5
B	44.1
CCC	6.3
N/R	3.6

Region Allocation^{1,2} (%)

North & Central America	82.9
Eurozone	2.3
Europe ex-Eurozone	2.0
Asia-Pacific ex-Japan	0.6
Middle East & Africa	4.9
Emerging Markets	6.5
Other	0.8

Sector Weights^{1,2} (%)



Assets Under Management (M) (Shown in USD)

Brandywine Global, Firmwide	59,468
Fixed Income Product Group	46,600
Global High Yield	51

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

	Gross	Net	BGHY	BAGHY
2023	15.36	14.63	14.04	13.41
2022	-11.66	-12.24	-12.71	-13.23
2021	3.05	2.39	0.99	1.37
2020	9.55	8.85	7.03	8.03
2019	12.45	11.73	12.56	13.73
2018	-4.47	-5.09	-4.06	-3.36
2017	10.19	9.48	10.43	10.20
2016	14.43	13.70	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

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

Sharpe Ratio	0.69
Sortino Ratio	0.91
Information Ratio	0.08

Portfolio Managers



Bill Zox, CFA
Portfolio Manager
30 Years of Experience



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



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



Michael Arno, CFA
Portfolio Manager & Sr. Research Analyst
19 Years of Experience



Renato Latini, CFA
Portfolio Manager & Sr. Research Analyst
18 Years of Experience



John McClain, CFA
Portfolio Manager
16 Years of Experience



Jack Parker, CFA
Assoc. Portfolio Manager
8 Years of Experience

Data as of December 31, 2023
Past performance is no guarantee of future results.



Annualized Returns (%) (Results shown in USD)

	Gross	Net	BGHY	BAGHY
QTD	7.66	7.49	8.56	7.63
YTD	15.36	14.63	14.04	13.41
1 Year	15.36	14.63	14.04	13.41
3 Year	1.65	0.99	0.18	-0.08
5 Year	5.28	4.60	3.90	4.15
7 Year	4.51	3.84	3.63	3.88
10 Year	4.25	3.58	3.62	3.67
Since Inception	6.60	5.92	5.68	5.65

Inception Date: 1/1/2010

GIPS Information (%) (Results shown in USD)

Year or YTD	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
2023	15.36	14.63	14.04	13.41	1	29	59,468	-	8.94	9.35	8.91
2022	-11.66	-12.24	-12.71	-13.23	2	20	52,601	-	10.21	12.58	12.03
2021	3.05	2.39	0.99	1.37	4	185	67,356	-	7.65	10.65	10.01
2020	9.55	8.85	7.03	8.03	4	247	63,872	-	7.91	10.76	10.14
2019	12.45	11.73	12.56	13.73	4	226	74,024	-	4.12	4.62	4.16
2018	-4.47	-5.09	-4.06	-3.36	5	478	70,070	-	4.75	5.02	4.95
2017	10.19	9.48	10.43	10.20	5	498	74,382	-	5.53	5.65	5.90
2016	14.43	13.70	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

Data as of December 31, 2023. BGHY = Bloomberg Global High Yield. BAGHY = ICE BofAML Global High Yield Index. 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, 2022. 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 High Yield Composite has had a performance examination for the periods July 1, 2011 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 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 strategy may employ the use of forward contracts, futures, and swaps which may increase the overall risk of the strategy. The portfolios are typically invested in 50-100 securities. Effective 11/30/12, the secondary benchmark was changed to the ICE BofAML Global High Yield, which is more reflective of the strategy. Primary 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. Secondary Benchmark Description: The ICE BofAML 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-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: \$25 million): 0.500% on the first \$25 million; 0.450% on the next \$75 million, and 0.400% on 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 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. The management fee schedule and total expense ratio for Brandywine Global High Yield Bond Fund - BGIMT, which is included in the composite, are 0.55% on all assets and 0.675%, respectively. **Past performance is no guarantee of future results.**

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Disclosures

Benchmark = BGHY

BGHY = Bloomberg Global High Yield Index BAGHY = ICE BofAML 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 Information to the attached Global High Yield 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 (© 2024, 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. High-yield, lower-rated, fixed income securities generally entail greater market, credit/default and liquidity risk and may be more volatile than investment-grade securities. High yield bonds possess greater price, volatility, illiquidity, and possibility of default. 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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