

# Global Sovereign Credit

## Strategy Profile

### OBJECTIVE

We strive to capture interest income and generate principal growth through capital appreciation when market conditions permit. Our goal is to outperform the Bloomberg Barclays Global Sovereign Credit Index by at least 2.5% per annum over rolling three-year periods while controlling volatility relative to the benchmark. We seek to maintain a tracking error of less than 6% per annum measured over rolling three-year periods on an ex-post basis.

### UNIVERSE

The sovereign debt and currencies of countries in the Bloomberg Barclays Global Sovereign Credit Index. We may invest to a limited extent in non-index countries rated BB- or better by a nationally recognized statistical rating organization. The portfolio must maintain an overall portfolio quality of at least A- at all times.

### INVESTMENT PHILOSOPHY

Global asset prices that move far enough away from their intrinsic value set in motion a series of economic, policy, or political changes that ultimately lead to prices reverting back toward their intrinsic level. We utilize the over- and undervaluations of interest rates and currencies resulting from these imbalances to generate return and protect principal. This mean-reversion process is integral to our investment approach.

### DURATION MANAGEMENT

We focus investments where we believe value is greatest; as a result, our portfolios tend to have an intermediate-to long-duration bias when real interest rates are high. Greater interest rate exposure is assumed in countries with more value and supportive fundamentals and positions are established along the yield curve where we find the best risk/reward profile. Portfolio duration can range from +/- 36 months to the index.

### COUNTRY ROTATION

We patiently rotate among countries and concentrate investments in markets that we believe have the highest potential returns. Secular trends, political and monetary conditions, and business cycle risks are considered in our analysis. Each factor contributes to our country weighting decisions.

### CURRENCY

We actively manage currency exposures in an attempt to protect principal and enhance returns. Portfolio currency and country decisions are intertwined. We seek to invest in bonds with high real yields that are denominated in appreciating currencies. We hedge our currency exposure in countries we find to have high real rates but overvalued currencies.

### OUR COMPETITIVE ADVANTAGE

*The strategy employs a top-down, value-based, and benchmark-agnostic approach for managing global fixed income assets. Backed by a rigorous macroeconomic research process designed to anticipate risk and uncover value, the strategy targets sovereigns with an attractive combination of high real yields and durable fundamentals.*

  
**Brandywine GLOBAL**  
 Brandywine Global Investment Management, LLC  
 2929 Arch Street, 8th Floor / Philadelphia, PA 19104

United States 800 348 2499 / 215 609 3500  
 Asia 65 6536 6213  
 Europe 44 (0) 207 786 6360  
 Toronto 416 860 0616  
 Montreal 514 789 4489

[brandywineglobal.com](http://brandywineglobal.com)

## AT A GLANCE

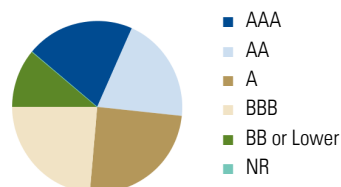
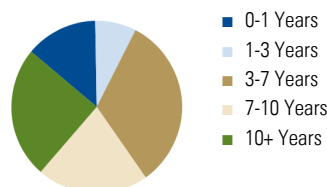
- Primary Benchmark: Bloomberg Barclays Global Sovereign Credit Index (60% Emerging / 40% Developed)
- Real yield is our primary measure of value, followed closely by currency valuation. Inflation, monetary trends, political risks, the business cycle, and liquidity measures are also considered
- Efficient duration management and country rotation add incremental value
- Investments are typically concentrated in 10-14 countries deemed to have the best total return potential

## TYPICAL INVESTMENT GUIDELINES

Rating by an NRSRO	Individual Issuers
AAA	-20% to +40%
AA-, AA, AA+	-20% to +30%
A-, A, A+	-5% to +25%
BBB-, BBB, BBB+	-5% to +15%
BB-, BB, BB+	-5% to +5%
Overall Portfolio Limits	Limit
Duration Relative to Benchmark	±3 Years
Minimum Overall Portfolio Quality	A-
Minimum Individual Security Quality	BB-
Short Term Obligation Quality	A1
Permitted Currency Exposure	Relative Currency Allocation Range
Primary Currencies	±10%
Secondary Currencies	±5%
U.S. Dollar	-20% to +40%
Euro	-20% to +40%
Japanese Yen	±20%

CHARACTERISTICS<sup>1, 2</sup>

	Global Sovereign Credit	B6040
Average Quality	A	A1/A2
Average Maturity (Years)	12.78	9.05
Average Modified Duration (Years)	6.95	6.76
Average Coupon (%)	5.38	4.19
Current Yield (%)	5.14	3.94
Average Yield-to-Maturity (%)	4.53	3.03
Number of Issues	33	1,469

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

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

Brandywine Global, Firmwide	65,498
Fixed Income Product Group	49,479
Global Sovereign Credit	3,420

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

	Gross	Net	B6040
QTD	- 7.88	- 8.05	- 8.16
YTD	4.49	3.77	2.28
1 Year	4.49	3.77	2.28
3 Year	0.67	- 0.03	- 2.92
Since Inception	2.12	1.41	- 2.01

Inception Date: 5/1/2012

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

	Gross	Net	B6040
2016	4.49	3.77	2.28
2015	- 11.98	- 12.61	- 9.07
2014	10.93	10.17	- 1.64
2013	- 4.30	- 4.97	- 5.03
2012	12.96	12.44	4.69

Past performance is no guarantee of future results.

**LEAD PORTFOLIO MANAGERS****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.

**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.

**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.

**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.

**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.

**REGINA BORROMEO<sup>3</sup>** PORTFOLIO MANAGER AND HEAD OF INTERNATIONAL HIGH YIELD

Regina is a portfolio manager and head of international high yield. Regina joined Brandywine Global Investment Management (Europe) Limited in December 2010, bringing with her 10 years of investing experience. Previously, she was a Vice President - Portfolio Manager and Senior Credit Analyst, Global Fixed Income with Morgan Stanley Investment Management PLC in London (2007-2010) and held various fixed income analyst positions with Morgan Stanley Investment Management in Philadelphia (2001-2007). She earned her Bachelor of Arts in Communications from the University of Pennsylvania and accomplished numerous athletic achievements in squash and tennis, including winning a bronze medal as a member of the Philippine National Squash team in the 1999 and 2005 South East Asian Games. Regina is based in London.

**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.

**BRIAN L. GIULIANO, CFA** VICE PRESIDENT, PORTFOLIO MANAGEMENT

In his role on the Global Fixed Income team, Brian provides research and communicates with clients, prospects, and consultants in support of our investment strategies. Previously, as a senior investment specialist in Brandywine Global's Wealth Management Group, he maintained and enhanced relationships with institutional and high net worth clients and prospects while specializing in Global Fixed Income and related strategies. Prior to joining the Firm in 2008, Brian was a marketing and client service associate at Mondrian Investment Partners (U.S.), Inc. (2005-2008). Brian is a CFA® charterholder, holds FINRA Series 3, 7, and 63 licenses, and earned a B.A. in Business Administration from Loyola University Chicago. He is a member of the CFA Institute and the CFA Society of Philadelphia.

**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.

**JACKIE HUANG** GLOBAL MACRO RESEARCH ASSOCIATE

As a global macro research associate, Jackie provides support to Francis Scotland, director of macroeconomic research. Prior to joining the Firm in June 2015, she held multiple positions within BCA Research in Montreal, Canada. Most recently, Jackie was a senior analyst with a focus on Emerging Markets Strategy (2006-2015). She earned a B.A. in Economics from the University of Massachusetts, a B.A. in English Language and Literature from Xiamen University, and a Graduate Diploma as part of the Advanced Interpreter Education Program from Simon Fraser University.

**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.

**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** REGIONAL PORTFOLIO MANAGER

As a Regional Portfolio Manager, 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.

**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.

**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.

**MIN TIAN** 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.

**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	B6040
QTD	- 7.88	- 8.05	- 8.16
YTD	4.49	3.77	2.28
1 Year	4.49	3.77	2.28
3 Year	0.67	- 0.03	- 2.92
Since Inception	2.12	1.41	- 2.01

Inception Date: 5/1/2012

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

	Gross	Net	B6040	# of Accounts	Market Value (M)	Total Firm Assets (M)	Composite Dispersion	Composite Rolling 3Y SD	B6040 Rolling 3Y SD
2016	4.49	3.77	2.28	7	3,435	65,498	-	9.66	7.87
2015	- 11.98	- 12.61	- 9.07	5	2,835	68,819	-	8.63	6.77
2014	10.93	10.17	- 1.64	3	2,661	63,375	-	-	-
2013	- 4.30	- 4.97	- 5.03	3	1,453	50,050	-	-	-
2012	12.96	12.44	4.69	3	945	42,894	-	-	-

B6040 = Bloomberg Barclays 60/40 Sovereign Credit 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, 2015, 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 Sovereign Credit Composite (the "Composite") Inception date: May 1, 2012. Creation date: May 1, 2012. The Composite includes all fully discretionary, fee-paying, actively managed accounts within the Global Sovereign Credit strategy that are unhedged. The strategy strives to capture interest income and additionally generate principal growth through capital appreciation when market conditions permit. Our goal is to outperform the investment benchmark by at least 2.5% per annum over rolling three-year periods while minimizing volatility of return relative to the composite index. The Composite utilizes over-the-counter forward exchange rate contracts to manage its currency exposure. These contracts are valued daily using closing forward exchange rates. Brandywine uses WM/Reuters daily FX rates taken at 4 p.m. London time. Benchmark indices' exchange rates may vary from Brandywine's exchange rates periodically. Benchmark: The Bloomberg Barclays 60/40 Sovereign Credit Index; an unhedged, customized blend of the Bloomberg Barclays Global Treasury Index and the Bloomberg Barclays Local Emerging Market index. The weighting between developed (DM) and emerging markets (EM) is fixed at 40%/60% respectively, and the maximum weight per country is 10%. Non-investment grade countries are excluded. If a country is included in both the Bloomberg Barclays EM and DM indices, it is deemed to be EM and therefore fall into the 60% bucket. 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: \$50million): 0.700% on the first \$50 million; 0.650% on the next \$50 million; 0.600% 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.

©2017, Brandywine Global Investment Management, LLC. All rights reserved.

## FOOTNOTES &amp; DISCLOSURES

B6040 = Bloomberg Barclays 60/40 Sovereign Credit Index

1. The data represent the aggregate characteristics of all securities held in the Representative Portfolio, an actual commission account not subject to taxation, and is 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 Sovereign Credit Composite (USD) 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.

Source: Bloomberg. 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 Investment Management, LLC 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. 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. Returns are presented gross and net of management fees and include the reinvestment of all income. Gross returns presented do not reflect the deduction of investment advisory fees. A client's return will be reduced by the 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 Part 2A of Brandywine Global Investment Management, LLC's ADV, which is available upon request. Please refer to our GIPS® compliant presentations, which include performance footnotes, fee schedules, detailed index descriptions, and disclosures.

**Past performance is no guarantee of future results.**

©2017, Brandywine Global Investment Management, LLC. All rights reserved.