

High Yield

Objective

Our investment objective is to generate high current income with the opportunity for capital appreciation. We expect to achieve our objective by investing in high yield corporate bonds when we believe the market price discounts a greater risk of default or a greater loss upon default than is warranted. Our return objective is to outperform the ICE BofAML U.S. High Yield Index by 1% (net of fees), on an average annual basis, over a complete market cycle.

Investible Universe

The High Yield strategy invests primarily in below-investment-grade corporate bonds. Our primary focus is valuing the underlying business and evaluating the associated credit risk, rather than interest rate risk.

Investment Process Summary

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.

Portfolio Construction

Portfolio construction is a bottom-up process with highest weights assigned to companies where the team has the highest conviction. Familiarity with a company, degree of downside protection, the attractiveness of the price, and analyst conviction shape portfolio construction. The liquidity and expected volatility of a corporate bond are also important factors in portfolio construction. Given our long-term time horizon, we may invest in less liquid or more volatile securities when we receive adequate compensation.

Opportunities may arise out of company-specific dislocations, industry dislocations, or market-wide dislocations. The important point is that we have conviction in our analysis, and we are willing to take advantage of dislocations that result in mispriced bonds.

Our Competitive Advantage

If we don't know a bond well or don't find its price attractive, we will not own it. This common-sense approach is surprisingly uncommon. Our process is disciplined but 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 portfolios
- Long-term investment temperament



At a Glance

- Benchmark: ICE BofAML U.S. High Yield II Index
- The investment objective for the High Yield strategy is to generate high current income with the opportunity for capital appreciation by investing primarily in below-investment-grade corporate bonds.
- Long-term oriented, benchmark-agnostic investment approach allows the strategy to take positions in those issues that, based on our fundamental research, provide attractive yield and total return potential relative to asset and interest coverage and relative to other securities with comparable risk.

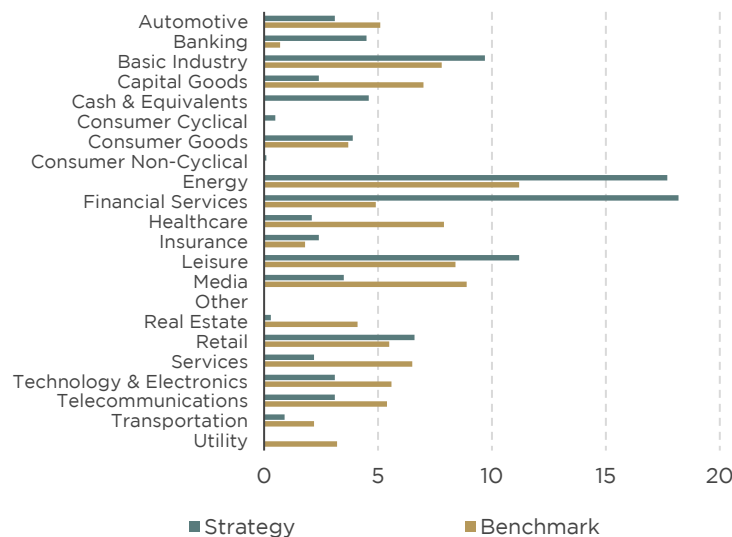
Characteristics^{1,2}

Number of Issues	152
Avg. Maturity (Yrs.)	5.05
Avg. Eff. Duration (Yrs.)	3.33
Avg. Yield-to-Maturity (%)	8.47
Current Yield (%)	6.71
Avg. Yield-to-Worst (%)	8.56

Quality Ratings^{1,2} (%)

BBB or Higher	13.6
BB	41.5
B	39.2
CCC	4.9
N/R	0.7

Sector Weights^{2,3} (%)



Assets Under Management (M) (Shown in USD)

Brandywine Global, Firmwide	54,241
Fixed Income Product Group	41,834
High Yield	1,338

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

	Gross	Net	BAUHY2
2023	6.43	6.09	5.41
2022	-8.85	-9.42	-11.22
2021	5.84	5.27	5.36
2020	14.39	13.82	6.17
2019	16.21	15.64	14.41
2018	1.84	1.33	-2.28
2017	11.11	10.56	7.48
2016	15.42	14.86	17.49
2015	1.00	1.00	-4.64
2014	-	-	-
2013	-	-	-

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

Sharpe Ratio	0.74
Sortino Ratio	0.71
Information Ratio	1.16

Portfolio Managers



John McClain, CFA
Portfolio Manager
15 Years of Experience



Bill Zox, CFA
Portfolio Manager
29 Years of Experience



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



Annualized Returns (%) (Results shown in USD)

	Gross	Net	BAUHY2
QTD	3.11	2.94	1.63
YTD	6.43	6.09	5.41
1 Year	11.43	10.71	8.87
3 Year	5.13	4.52	3.21
5 Year	6.32	5.74	3.18
7 Year	7.51	6.94	4.40
Since Inception	7.16	6.66	4.12

Inception Date: 1/1/2015

GIPS Information (% , unless otherwise noted) (Results shown in USD)

Year or YTD	Gross	Net	BAUHY2	# of Accounts	Market Value (M)	Total Firm Assets (M)	Composite Dispersion	Composite Rolling 3Y SD	BAUHY2 Rolling 3Y SD
2023	6.43	6.09	5.41	2	1,127	54,241	-	7.39	8.41
2022	-8.85	-9.42	-11.22	3	942	52,601	-	10.79	11.10
2021	5.84	5.27	5.36	1	1,089	67,356	-	9.17	9.14
2020	14.39	13.82	6.17	1	724	63,872	-	9.29	9.39
2019	16.21	15.64	14.41	1	135	74,024	-	3.17	4.13
2018	1.84	1.33	-2.28	1	54	70,070	-	4.41	4.64
2017	11.11	10.56	7.48	1	31	74,382	-	5.15	5.60
2016	15.42	14.86	17.49	1	32	65,498	-	-	-
2015	1.00	1.00	-4.64	1	10	68,819	-	-	-

Data as of June 30, 2023 BAUHY2 = ICE BofAML U.S. 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. Verification does not provide assurance on the accuracy of any specific performance report. 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 High Yield Composite (the "Composite") Inception date: December 31, 2014. Creation date: January 1, 2016. The Composite is comprised of discretionary non-fee and fee paying non-wrap accounts with a market value over \$10M managed according to the firm's High Yield fixed income strategy. The strategy's investment objective is to generate high current income with the opportunity for capital appreciation over a five-year time horizon. They strategy generally invests in corporate debt securities that are rated below investment grade or are unrated. The High Yield Composite was previously managed by the High Yield team at Diamond Hill Capital Management. On August 1st, 2021, Diamond Hill Capital Management sold the line of business that included the High Yield team to Brandywine Global Investment Management. Composite activity prior to August 1st, 2021 is from the prior firm. Primary Benchmark Description: The ICE BofAML US High Yield Index tracks the performance of USD denominated below investment grade corporate debt publicly issued in the major domestic 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: 0.65% on first \$100 million, 0.60% on next \$150 million, and 0.50% on the portion of assets in excess of \$250 million. Please note, the fee prior to 12/31/2015 was zero. 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

BAUHY2 = ICE BofAML U.S. High Yield II

- 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 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 (© 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. 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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Brandywine Global Investment Management, LLC

1735 Market Street
Suite 1800
Philadelphia, PA 19103



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