

Institutional Small Cap Value

Objective

We seek to outperform the long-term total returns of the Russell 2000 Value Index and to preserve capital.

Philosophy

As value investors, we seek to buy businesses for less than they are worth. However, often stocks with low multiples are not attractively valued but efficiently priced. Rather than focus on traditional value factors, our process relies on multiple valuation methodologies to determine intrinsic value while also applying a margin of safety and downside protection. Each business is different, with different cycles, capital needs, and reinvestment opportunities. We believe using the same valuation framework for every situation may produce underperforming results. In our view, value creation can best be assessed by evaluating owner earnings or cash flow. We also believe that growth and value are not mutually exclusive, which may result in the strategy reflecting a greater or lower traditional value orientation at times.

Fundamental Analysis

We apply rigorous bottom-up analysis, utilizing financial documents, other pertinent company information, in-person interviews, and additional data sources, as the first step in determining the nature of the business and the company's potential for long-term value creation. We attempt to understand management's philosophy toward growing the business, addressing risk, allocating capital, and creating shareholder value. Our process subjects potential holdings to thorough fundamental analysis and calculates intrinsic value using a variety of metrics, including free cash flow, net asset value, or potential return on capital. Reviews are conducted by at least two analysts, with the second analyst providing an opposing view to counter any possible "motivated reasoning" or other behavioral biases. Prospective holdings are vetted by the team with the final determination made by the lead portfolio managers.

Portfolio Structure

Portfolios are constructed on a bottom-up basis with sector weights incidental but consistent with our 35% policy maximum. Individual holdings are limited to a maximum of 5% at cost. Weights are determined based on quantitative and qualitative risk/reward characteristics.

Sell Discipline

We employ a disciplined approach to sell decisions, generally selling a stock when:

- The stock appreciates to our target price without commensurate gain in intrinsic value.
- Long-term fundamentals deteriorate, negatively impacting intrinsic value.
- The existing holding is replaced with a more attractive reward/risk opportunity.
- The market capitalization drifts.

Our Competitive Advantage

The strategy seeks small-cap equity opportunities in sound businesses that are priced significantly below our estimation of intrinsic value. We believe that such an approach, mirroring a private-buyer mindset, can preserve capital through improved downside protection and deliver attractive risk-adjusted returns over full market cycles.



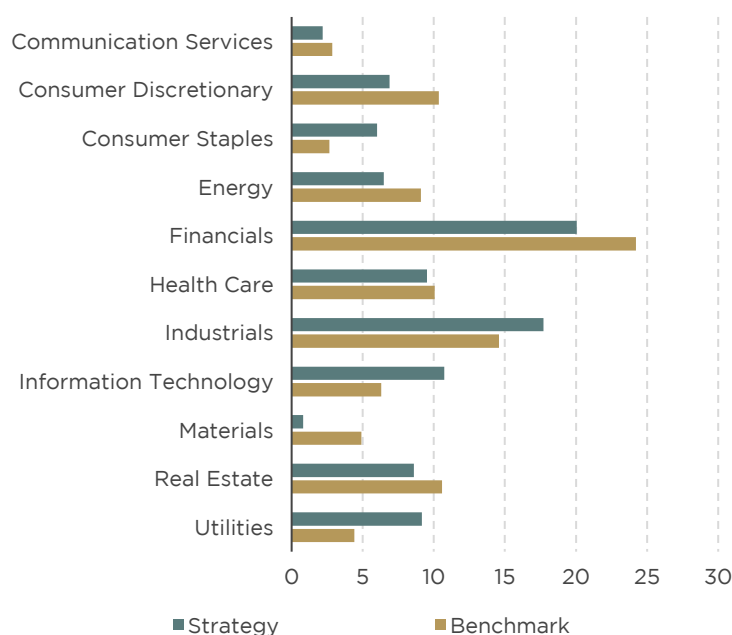
At a Glance

- Primary Benchmark: Russell 2000® Value Index
- We expect to add value primarily through stock selection
- We typically invest in 50-75 companies
- The market capitalization of each of our holdings, at purchase, will be consistent with the capitalization range of the Russell 2000 Value Index
- Cash and cash equivalents generally account for less than 5% of portfolio assets, although our cash position may vary based on the level of portfolio trading

Characteristics^{1,2}

	Strategy	Benchmark
Price-to-Earnings ³	10.8	17.2
Price-to-Book	1.6	1.3
Price-to-Cash Flow	9.0	7.8
Dividend Yield (%)	1.6	2.3
Avg. Market Cap (\$B)	3.2	2.4
Current # of Securities	58	1,458
Turnover (% LTM)	61.5	-

Sector Weights^{1,2} (%)



Assets Under Management (M) (Shown in USD)

Brandywine Global, Firmwide	54,241
Fundamental Equity Product Group †	6,897
Institutional Small Cap Value	290

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

	Gross	Net	R2000V	R2000
2023	12.30	11.75	2.50	8.09
2022	-18.17	-19.00	-14.48	-20.44
2021	26.70	25.46	28.27	14.82
2020	17.80	16.63	4.63	19.96
2019	28.71	27.45	22.39	25.52
2018	-16.14	-16.99	-12.86	-11.01
2017	16.04	14.90	7.84	14.65
2016	25.61	24.38	31.74	21.31
2015	-12.06	-12.95	-7.47	-4.41
2014	2.29	1.27	4.22	4.89
2013	33.52	32.23	34.52	38.82

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

Sharpe Ratio	0.43
Sortino Ratio	0.58
Information Ratio	0.25

Top Ten Holdings^{1,2} (%)

Ingredion Inc	3.4
Allegiant Travel Co	3.1
Essent Group Ltd	2.9
Jeld-wen Holding Inc	2.9
Rogers Corp	2.6
Black Hills Corp	2.6
Cactus Inc	2.4
Northwestern Corp	2.3
Slm Corp	2.3
Alaska Air Group Inc	2.2

Lead Portfolio Managers



Justin C. Bennett
Portfolio Manager & Research Analyst
27 Years of Experience



Gregory P. Manley, CFA
Portfolio Manager & Research Analyst
27 Years of Experience



Steven D. Shin, CFA
Assoc. Portfolio Manager & Research Analyst
22 Years of Experience

† Includes \$2,841M in Fundamental Equity assets for which Brandywine Global provides non-discretionary investment management services. Nondiscretionary assets are reported on one month lag.

Data as of June 30, 2023

Past performance is no guarantee of future results.



Annualized Returns (%) (Results shown in USD)

	Gross	Net	R2000V	R2000
QTD	8.32	8.06	3.18	5.21
YTD	12.30	11.75	2.50	8.09
1 Year	16.70	15.55	6.01	12.31
3 Year	18.96	17.79	15.43	10.82
5 Year	6.48	5.42	3.54	4.21
7 Year	11.04	9.94	7.69	8.76
10 Year	8.42	7.34	7.29	8.25
Since Inception	11.58	10.48	8.78	7.97

Inception Date: 10/1/1996

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

Year or YTD	Gross	Net	R2000V	R2000	# of Accounts	Market Value (M)	Total Firm Assets (M)	Composite Dispersion	Composite Rolling 3Y SD	R2000V Rolling 3Y SD	R2000 Rolling 3Y SD
2023	12.30	11.75	2.50	8.09	3	231	54,241	-	25.44	22.34	21.57
2022	-18.17	-19.00	-14.48	-20.44	3	187	52,601	-	31.32	27.27	26.02
2021	26.70	25.46	28.27	14.82	2	43	67,356	-	29.84	25.00	23.35
2020	17.80	16.63	4.63	19.96	2	35	63,872	-	31.75	26.12	25.27
2019	28.71	27.45	22.39	25.52	2	35	74,024	-	20.52	15.68	15.71
2018	-16.14	-16.99	-12.86	-11.01	4	114	70,070	-	20.14	15.76	15.79
2017	16.04	14.90	7.84	14.65	5	164	74,382	-	16.41	13.97	13.91
2016	25.61	24.38	31.74	21.31	11	225	65,498	0.45	16.16	15.50	15.76
2015	-12.06	-12.95	-7.47	-4.41	19	566	68,819	0.17	12.30	13.46	13.96
2014	2.29	1.27	4.22	4.89	19	695	63,375	0.09	11.04	12.79	13.12
2013	33.52	32.23	34.52	38.82	13	468	50,050	0.25	13.31	15.82	16.45

Data as of June 30, 2023 R2000V = Russell 2000 Value R2000 = Russell 2000 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 (GIPSA®) and has prepared and presented this report in compliance with the GIPS standards. Brandywine Global Investment Management, LLC has been independently verified for the periods January 1, 1993 through June 30, 2021. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Institutional Small Cap Value Composite has had a performance examination for the periods October 1, 1996 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. GIPSA® 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 Institutional Small Cap Value Equity Composite (the "Composite") inception date is October 1, 1996 and the Composite creation date is October 1, 1996. The Composite includes separate, fully discretionary, fee-paying accounts with no minimum value requirement and no investment restrictions invested in the firm's Small Cap Value Equity strategy. The strategy invests in small capitalization stocks (typically consistent with the capitalization range of the Russell 2000 Index) that are, in the portfolio team's opinion, inexpensive relative to the company's intrinsic value and results in approximately 60 - 90 positions. Primary Benchmark Description: The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. Secondary Benchmark Description: The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index 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. Prior to July 1, 2007, portfolios were included in the Composite beginning with the first full quarter of performance through the last full quarter of performance. After July 1, 2007, portfolios are included in the Composite beginning with the first full month of performance through the last full month of performance. Composite returns are reported on quarterly 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 investment \$10 million) states 0.900% on the first \$20 million; 0.850% on the next \$30 million; 0.750% on the next \$50 million; 0.700% 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. The management fee schedule and total expense ratio for Classic Small Cap Value Equity Portfolio - BIT, which is included in the composite is 1.00% on all assets. **Past performance is no guarantee of future results.**

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Disclosures

R2000V = Russell 2000® Value Index R2000 = Russell 2000® Index

- 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 Institutional Small Cap Value GIPS report.
- 3 Portfolio characteristics calculation uses weighted harmonic average methodology.

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. Individual securities mentioned are intended as examples of portfolio holdings and are not intended as buy or sell recommendations. Characteristics, holdings and sector weightings are subject to change and should not be considered as investment recommendations. There is no guarantee that holding securities with relatively high (or low) price-to-earnings, price-to-book or price-to-cash flow ratios will cause the portfolio to outperform its benchmark or index. Investments in small- and medium-capitalization companies may involve a higher degree of risk and volatility than investments in larger, more established companies. Small capitalization companies may present such risks as lack of product diversification, potentially insufficient capital resources and greater exposure to business and economic cycles. 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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