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2nd Quarter 2015 Webcast

Large Cap Value

Presented by

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Managing Director & Portfolio Manager

Second Quarter 2015

- Large Cap Value underperformed the benchmark although we remain ahead for the calendar 2015 year to date. The average gross return for Large Cap Value accounts during the quarter was -0.90% (-1.08% net) versus 0.11% for the Russell 1000 Value.
- Sector positioning was a positive but stock selection was a negative during the period.

*Returns are presented gross and net of management fees and include the reinvestment of all income. Gross performance results include transaction costs but do not reflect the deduction of Brandywine Global's management fee. Gross performance returns over one year are annualized and assume the reinvestment of dividends, interest and capital gains. A client's return will be reduced by the advisory fees and other expenses incurred as a client. 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. For example, an account with an annual fee of 0.70%, if the gross performance is 10%, the compounding effect of the fees will result in net performance of approximately 9.23% annually. Net of fee performance was calculated using the highest management fee as described in Part 2A of the firm's ADV, which is available upon request. The Russell 1000® Value Index is a registered trademark of Russell Investments (©2015 Russell Investments). The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values. Indices are unmanaged and not available for direct investment. **Past performance is no guarantee of future results.***

Characteristics*

As of 6/30/2015

Second Quarter 2015

- Strategy still trades at a lower multiple compared to historical norm and relative to the Russell 1000 Value Index.

	6/30/2015	
	Representative Account	Russell 1000 Value Index
Price-to-Earnings	13.6x	17.9x
Price-to-Book	1.7x	1.9x
Price-to-Cash Flow	7.2x	11.4x
Dividend Yield	2.4%	2.4%
Weighted Avg Market Cap (\$B)	\$93.7	\$111.4
Median Market Cap (\$B)	\$24.8	\$60.0

*Supplemental Information to the attached Classic Large Cap Value GIPS-compliant Composite.

The views expressed represent the opinions of Brandywine Global and are not intended as a forecast or guarantee of future results. Brandywine Global's Classic Large Cap Value Representative Portfolio data represents the aggregate characteristics of all securities held and is included for informational purposes only. The actual characteristics with regard to any particular client account may vary based on any investment restrictions applicable to the account. Please refer to the GIPS-compliant performance presentations, which include performance footnotes, index descriptions and disclosures, as well as descriptions of the indices that Brandywine Global uses in connection with this strategy. The Russell 1000® Value Index is a registered trademark of Russell Investments (©2015 Russell Investments). The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values. Indices are unmanaged and not available for direct investment. **Past performance is no guarantee of future results.**

Second Quarter 2015 Sector Attribution*

As of 6/30/2015

Classic Large Cap Value - Unrestricted Composite: -0.90% Gross (-1.08% Net)

Russell 1000 Value Index: 0.11%

	Classic Large Cap Value Representative Account		Russell 1000 Value Index		Relative Performance (BPS)		
	Sector Weight (Avg.)	Sector Return	Sector Weight (Avg.)	Sector Return	Stock Selection	Sector Allocation	Total
Consumer Discretionary	13.4%	-8.2%	6.6%	-2.7%	-80	-16	-96
Consumer Staples	--	--	7.1%	-1.2%	--	9	9
Energy	13.9%	-1.3%	11.1%	-2.5%	12	-15	-3
Financials	29.7%	5.7%	29.9%	1.9%	105	1	105
Health Care	9.2%	2.6%	14.6%	2.3%	4	-10	-6
Industrials	10.8%	-7.0%	10.3%	0.5%	-86	8	-78
Information Technology	9.3%	-8.2%	9.2%	-0.6%	-70	4	-66
Materials	5.3%	4.9%	3.1%	-0.6%	26	-2	24
Telecommunication Services	5.6%	0.2%	2.1%	7.1%	-35	23	-12
Utilities	--	--	6.0%	-6.1%	--	37	37
Cash	2.8%	0.0%	--	--	--	-2	-2

* Source: FactSet Portfolio Analysis, Basis Points (BPS) 100 basis points = 1%

**Supplemental Information to the attached Classic Large Cap Value GIPS-compliant Composite.*

Data is obtained from FactSet Portfolio Analysis (©2015, FactSet Research Systems, Inc.), and is believed to be reliable and accurate. The data represents the aggregate characteristics of all securities held in the Representative Portfolio, and is included for informational purposes only. The actual characteristics with regard to any particular client account may vary based on any investment restrictions applicable to the account. The sectors or industries discussed herein should not be perceived as investment recommendations and securities within a sector or industry may no longer be held in an account's portfolio. It should not be assumed that investments in any of the sectors or industries listed were or will prove to be profitable. Returns are presented gross and net of management fees and include the reinvestment of all income. Gross performance results include transaction costs but do not reflect the deduction of Brandywine Global's management fee. Gross performance returns over one year are annualized and assume the reinvestment of dividends, interest and capital gains. A client's return will be reduced by the advisory fees and other expenses incurred as a client. 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. For example, an account with an annual fee of 0.70%, if the gross performance is 10%, the compounding effect of the fees will result in net performance of approximately 9.23% annually. Net of fee performance was calculated using the highest management fee as described in Part 2A of the firm's ADV, which is available upon request. Please refer to the GIPS-compliant performance presentations, which include performance footnotes, index descriptions and disclosures, as well as descriptions of the indices that Brandywine Global uses in connection with this strategy. The Russell 1000® Value Index is a registered trademark of Russell Investments (©2015 Russell Investments). The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values. Indices are unmanaged and not available for direct investment. **Past performance is no guarantee of future results.**

Economic Outlook

As of 6/30/2015

- Steadily improving labor market dynamics in the U.S.; rising domestic spending after slow Q1
 - Wage growth appears to be gaining traction
 - Housing kicking in as a source of growth
 - Softened inflation expectations related to lower oil and import prices
- Global economic growth a mixed bag
 - Commodity countries struggling
 - China continues to get worse
 - Europe appears to have troughed
 - Greece a wild card
- Further strengthening of the U.S. dollar could be deflationary for the world
 - Fed is likely to raise interest rates later this year based on reacceleration of the economy in the second half of 2015

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Investment Outlook & Positioning

As of 6/30/2015

- Strategy is cheap relative to the market
 - We anticipate energy stocks will have falling earnings in 2015, but we believe valuations already reflect this
 - Took hits on several names in Q2 but we believe the losses will reverse
- Strategy continues to be pro-cyclical in its exposures
 - No exposure to Utilities or Consumer Staples; overweight many economically-sensitive industries
- Continue to find good ideas
 - Five new stocks added to the portfolio during the quarter

*The views expressed represent the opinions of Brandywine Global Investment Management 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. **Past performance is no guarantee of future results.***

Sector Attribution*

As of 6/30/2015

- Security selection within Financials added 105 bps to strategy performance during 2Q15
- No exposure to Utilities and Consumer Staples contributed 46 bps to performance
- Allocation and selection within Consumer Discretionary detracted from performance along with security selection within Industrials and Information Technology
 - Underperformance was related to earnings shortfalls, currency impact, demand impact, etc.
 - In most cases, we believe the stocks are still undervalued and added to the position where possible

**Supplemental Information to the attached Classic Large Cap Value GIPS-compliant Composite.*

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For Further Information

For more background on our products and to provide us with your feedback regarding this format for communication:

- e-mail us at client.service@brandywineglobal.com
- or phone us at 1-800-348-2499

Classic Large Cap Value - Unrestricted Composite Disclosure

As of 3/31/2015 Results shown in USD

Returns (%)									St. Dev. (% 3-Year Rolling)			Returns (%)				
Period	Composite Gross of Fees	Composite Net of Fees	R1000V ¹	SP500 ²	# of Accts	Market Value (MM)	Firm Assets (MM)	Composite Dispersion (%)				Composite Gross of Fees	Composite Net of Fees	R1000V ¹	SP500 ²	Period
									Composite	R1000V ¹	SP500 ²					
2015	1.19	1.02	-0.72	0.95	19	1,300	66,493	0.09	11.40	9.82	9.45	QTD	1.19	1.02	-0.72	0.95
2014	11.37	10.60	13.45	13.69	18	1,254	63,375	0.27	10.84	9.20	8.97	YTD	1.19	1.02	-0.72	0.95
2013	40.97	40.02	32.53	32.39	16	678	50,050	0.38	14.53	12.70	11.94	1 Year	8.85	8.10	9.33	12.73
2012	22.39	21.56	17.51	16.00	19	386	42,894	0.39	16.60	15.51	15.09	3 Year	18.68	17.86	16.44	16.11
2011	-5.08	-5.74	0.39	2.11	26	516	33,122	0.26	19.77	20.69	18.71	5 Year	14.46	13.67	13.75	14.46
2010	13.99	13.21	15.51	15.06	21	463	31,996	-	20.47	23.18	21.85	7 Year	11.04	10.27	7.73	8.95
2009	29.83	28.94	19.69	26.46	1	32	29,199	-	18.36	21.10	19.63	10 Year	10.36	9.60	7.21	8.01
2008	-30.33	-30.83	-36.85	-37.00	1	13	32,755	-	12.91	15.36	15.08	Since Inception	10.91	10.15	7.88	8.30
2007	7.37	6.63	-0.17	5.49	1	20	49,208	-	7.16	8.06	7.68					
2006	22.63	21.79	22.24	15.79	1	20	39,241	-	-	-	-					
2005	8.79	8.03	7.07	4.91	1	17	26,332	-	-	-	-					

Period	Composite Return Gross of Fees (%)				Composite Return Net of Fees (%)				R1000V ¹ Return (%)				SP500 ² Return (%)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2015	1.19	-	-	-	1.02	-	-	-	-0.72	-	-	-	0.95	-	-	-
2014	3.53	6.32	-0.97	2.17	3.35	6.14	-1.15	1.99	3.02	5.10	-0.19	4.98	1.81	5.23	1.13	4.93
2013	11.82	6.62	6.32	11.22	11.63	6.43	6.14	11.03	12.31	3.20	3.94	10.01	10.61	2.91	5.24	10.51
2012	16.33	-5.84	7.25	4.18	16.14	-6.01	7.07	4.00	11.12	-2.20	6.51	1.52	12.59	-2.75	6.35	-0.38
2011	4.49	-2.86	-16.20	11.60	4.31	-3.03	-16.35	11.41	6.46	-0.50	-16.20	13.11	5.92	0.10	-13.87	11.81
2010	7.07	-12.57	10.52	10.19	6.88	-12.73	10.33	10.00	6.78	-11.14	10.13	10.54	5.39	-11.43	11.29	10.76
2009	-9.78	14.55	17.95	6.50	-9.94	14.36	17.76	6.32	-16.77	16.70	18.24	4.22	-11.01	15.93	15.61	6.04
2008	-8.58	-3.92	-6.83	-14.87	-8.75	-4.09	-7.00	-15.02	-8.72	-5.31	-6.11	-22.18	-9.44	-2.73	-8.37	-21.94
2007	1.06	7.10	2.69	-3.40	0.88	6.91	2.52	-3.57	1.24	4.92	-0.24	-5.80	0.64	6.28	2.03	-3.33
2006	6.22	-0.09	6.11	8.89	6.04	-0.26	5.93	8.71	5.93	0.59	6.22	8.00	4.21	-1.44	5.67	6.70
2005	1.64	1.16	3.21	2.51	1.46	0.98	3.04	2.33	0.09	1.67	3.88	1.28	-2.15	1.37	3.60	2.09

¹R1000V = Russell 1000 Value ²SP500 = S&P 500 Inception Date: 10/1/2004

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, 2013, the Firm has been verified by Kreischer 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 Classic Large Cap Value Unrestricted Composite (the "Composite") Inception date: October 1, 2004. Creation date: January 1, 2014. The Composite includes all fully discretionary, fee-paying portfolios invested in the Classic Large Cap Value Unrestricted strategy (the "Strategy") with no client mandated restrictions. The strategy invests primarily in domestic equity securities with market capitalizations of greater than \$1 billion, and have a lower price to book (P/B) and price to earnings (P/E) ratios, but may also invest in select preferred, convertible, and debt securities. This results in approximately 55 - 75 security positions in each portfolio. Benchmark The Russell 1000 Value Index measures companies from the Russell 1000 Index that exhibit lower price to book and price to earnings ratios and lower forecasted growth values. The S&P 500 is a broad measure of U.S. domestic large cap stocks. The 500 stocks in this capitalization-weighted index are chosen based on industry representation, liquidity, and stability. 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 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 The Institutional Client Separate Account Management Fee Schedule (minimum initial investment: \$10 million): 0.700% on the first \$10 million; 0.500% on the next \$40 million; 0.450% on the next \$50 million; and 0.350% 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.