



Brandywine Global Investment Management, LLC

1735 Market Street, Suite 1800 / Philadelphia, PA 19103

North America: 215 609 3500 (U.S.)

905 337 1777 (Canada)

Europe: +44 20 7786 6360

Asia: +65 6536 6213

brandywineglobal.com

2nd Quarter 2018

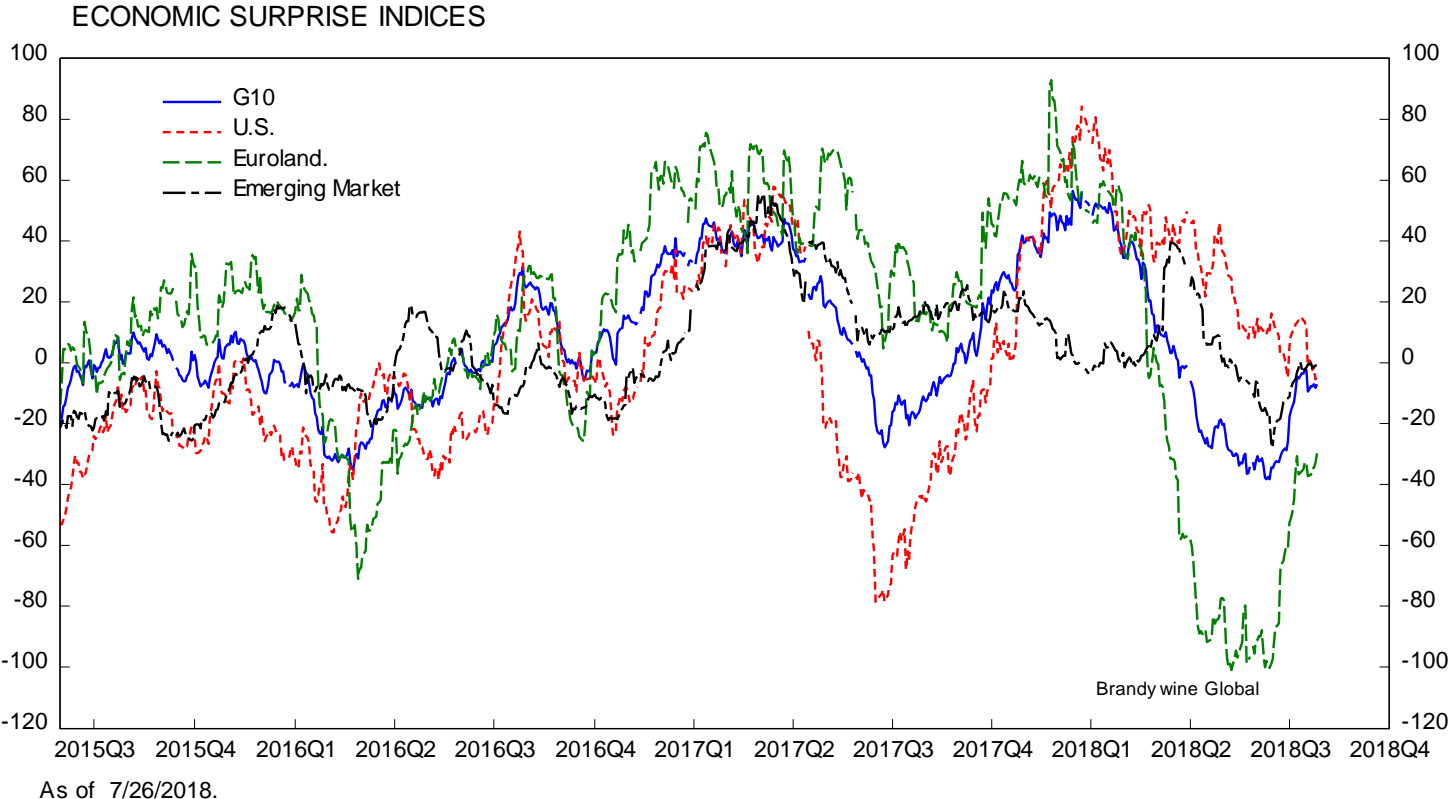
Global Macro Webcast

Presented by

Francis A. Scotland

Director of Global Macro Research

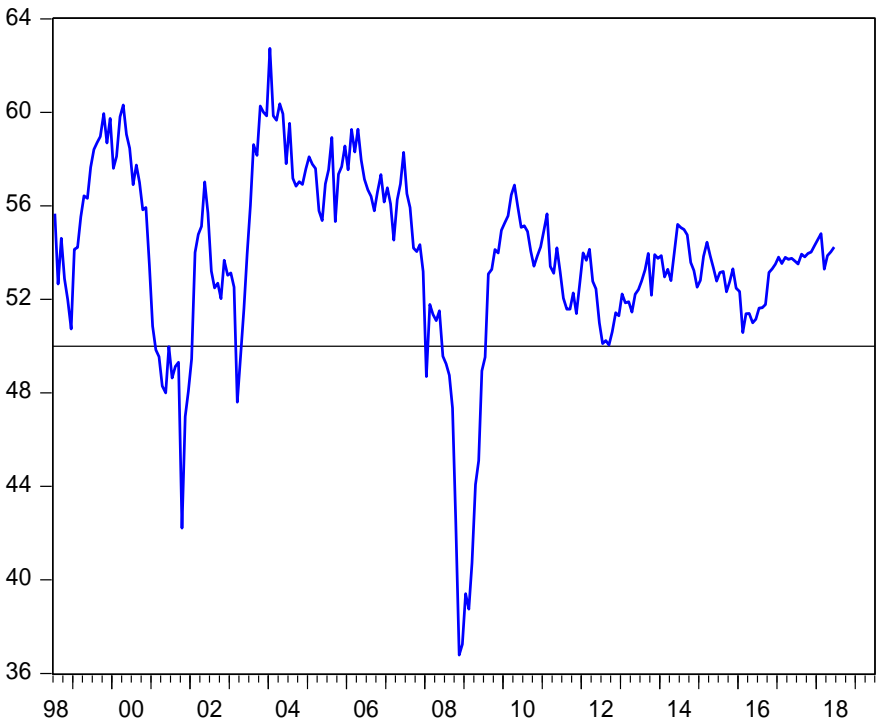
Economic Surprise Indexes have fallen for most of 2018; the biggest disappointment coming from Europe.



Data has been obtained by Macrobond (© 2018, Macrobond) which Brandywine Global believes to be accurate and reliable. Charts created by Brandywine Global. Please refer to Appendix 1 for important disclosure information.

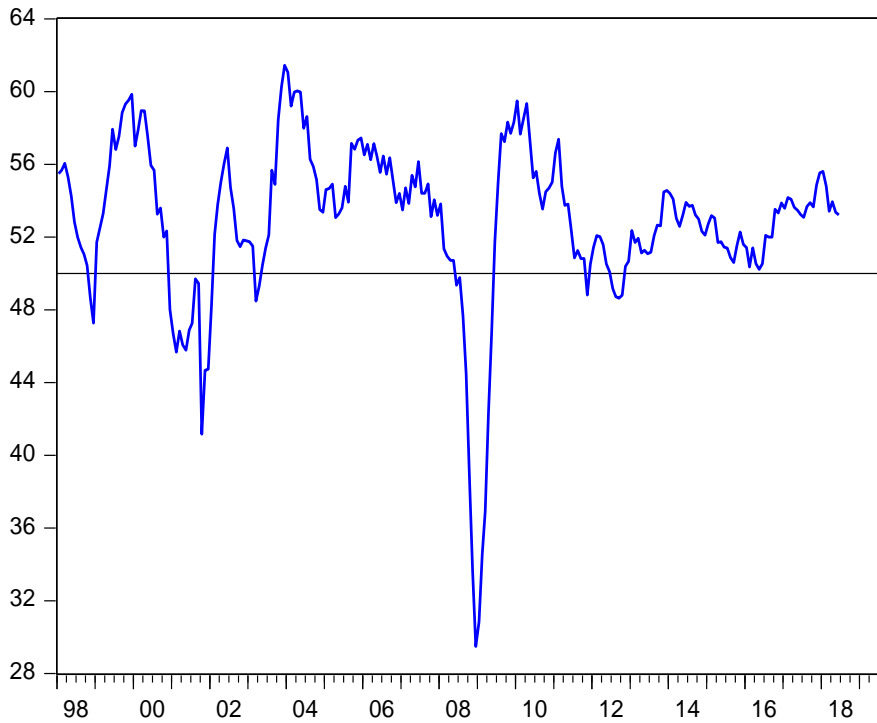
The Global PMI composite output measure has rebounded while the Global PMI for manufacturing activity is still declining.

WORLD - JP MORGAN PMI: COMPOSITE - OUTPUT



Note: Seasonally adjusted
Source: J.P.MORGAN
As of 06/30/2018

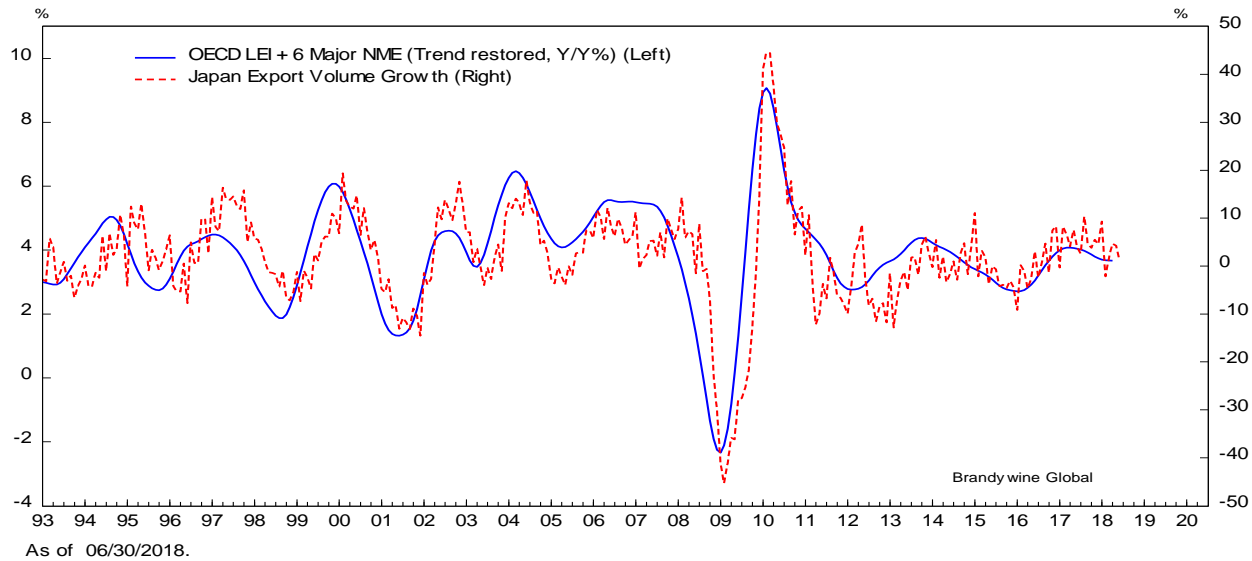
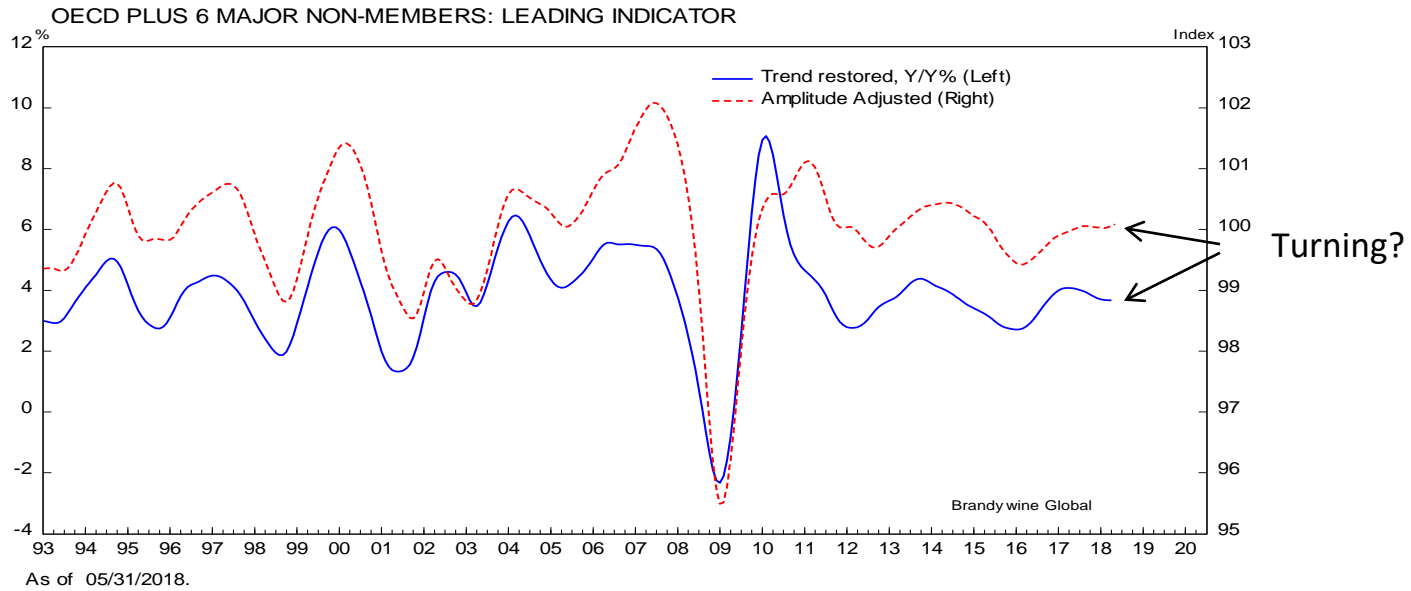
WORLD - JP MORGAN PMI: MANUFACTURING - OUTPUT



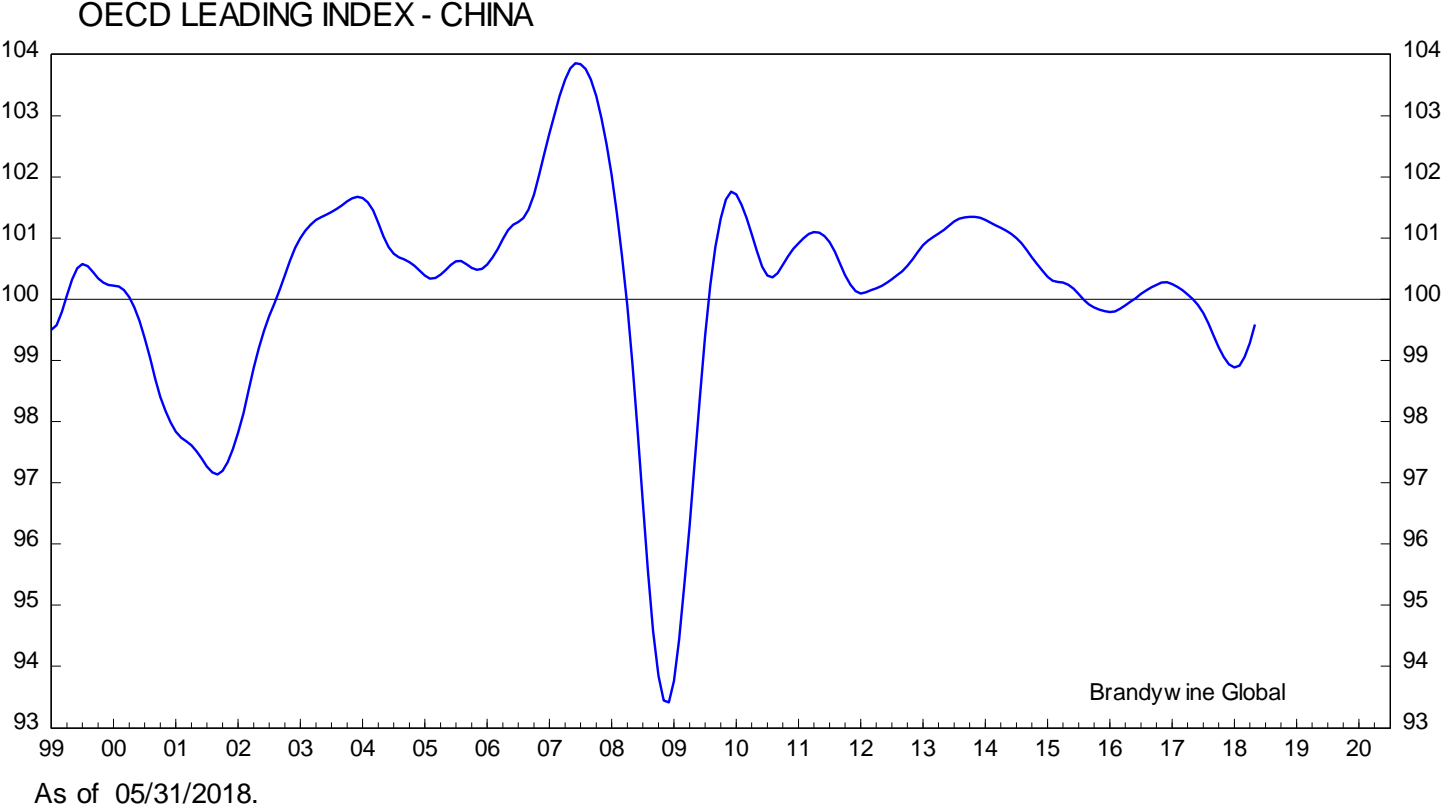
Note: Seasonally adjusted
Source: J.P.MORGAN
As of 06/30/2018

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One OECD Leading Economic Indicator for OECD economies and the 6 major NME's has turned higher; the other is stabilizing.

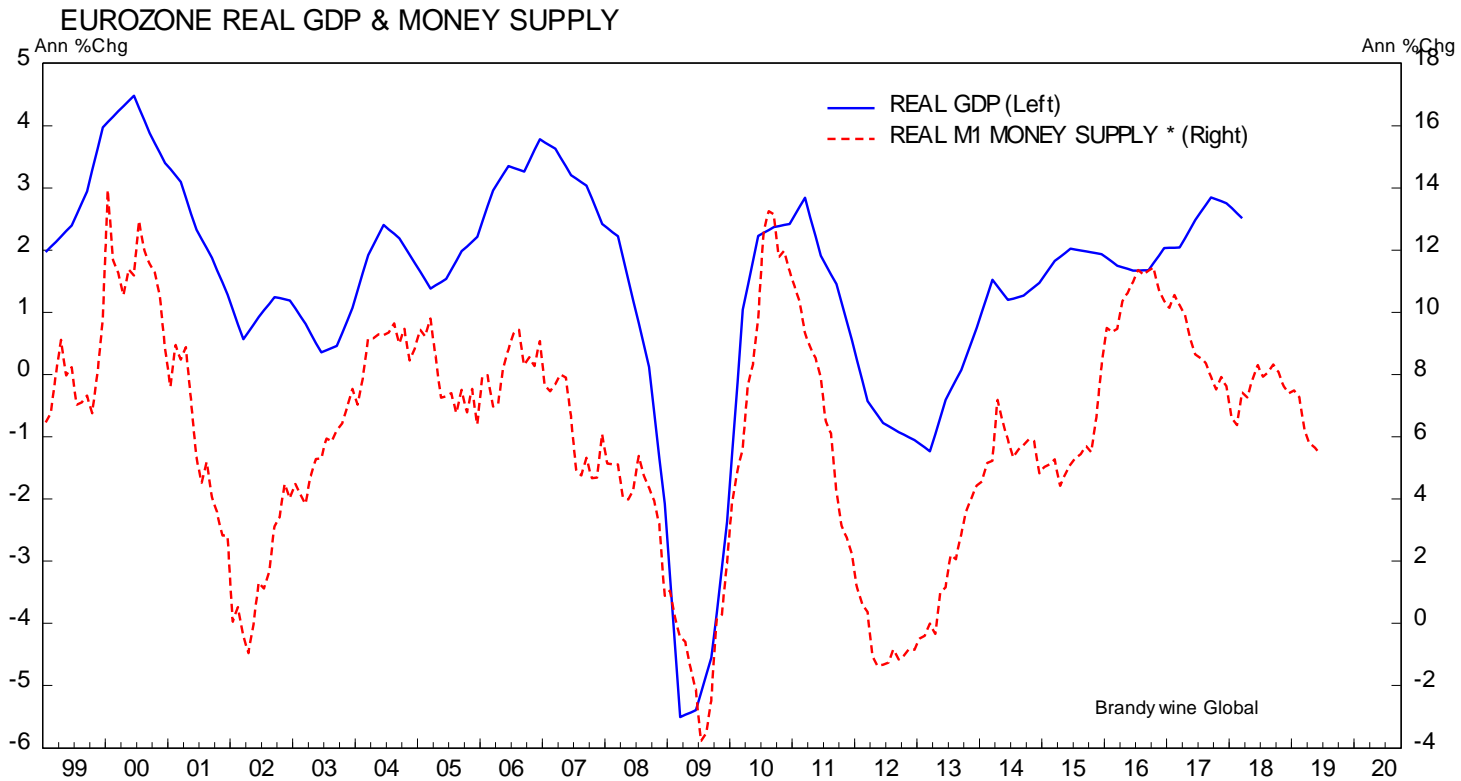


The OECD LEI for China has turned decisively higher this year after declining most of last year.



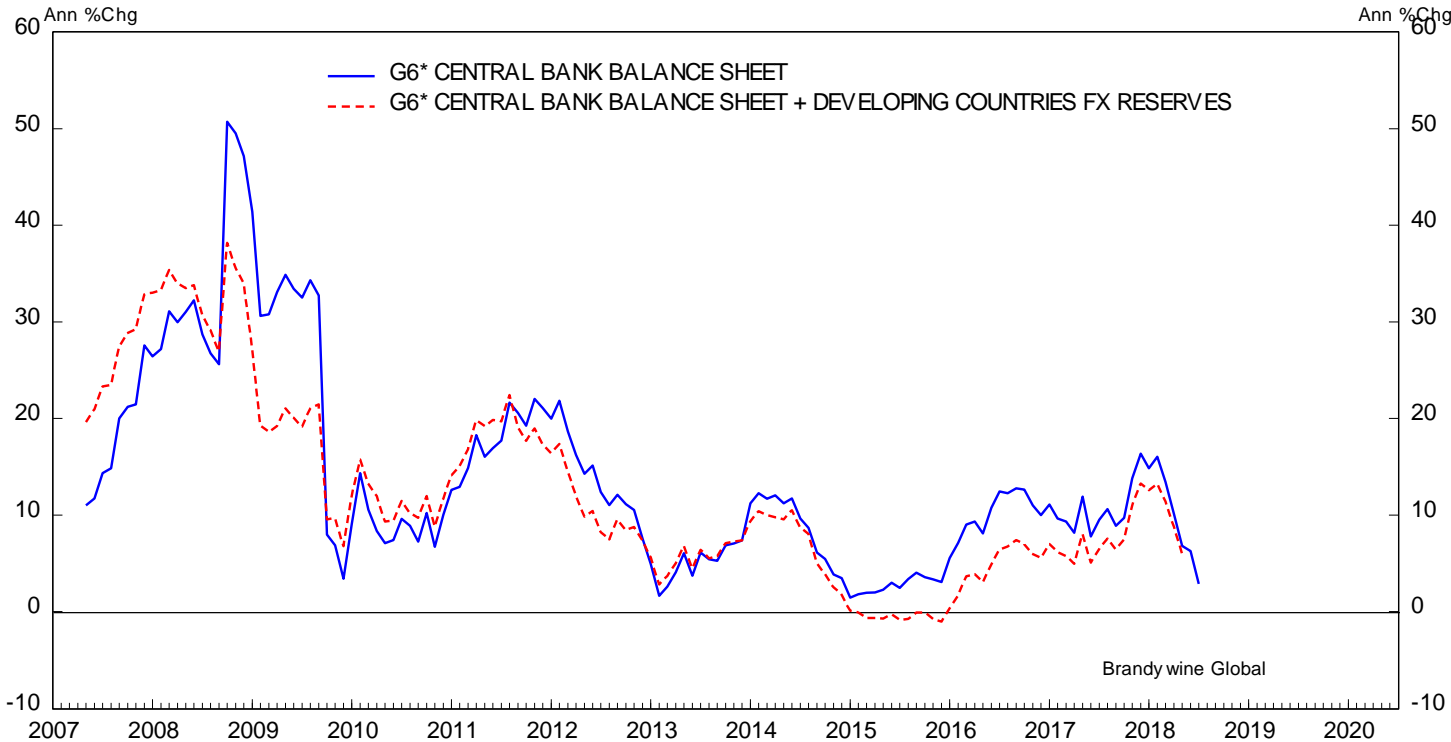
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European GDP growth likely will stabilize somewhere slightly below 2% based on the trend in money growth.



*Deflated by CPI, shown advanced by 12 months.
As of 06/30/2018.

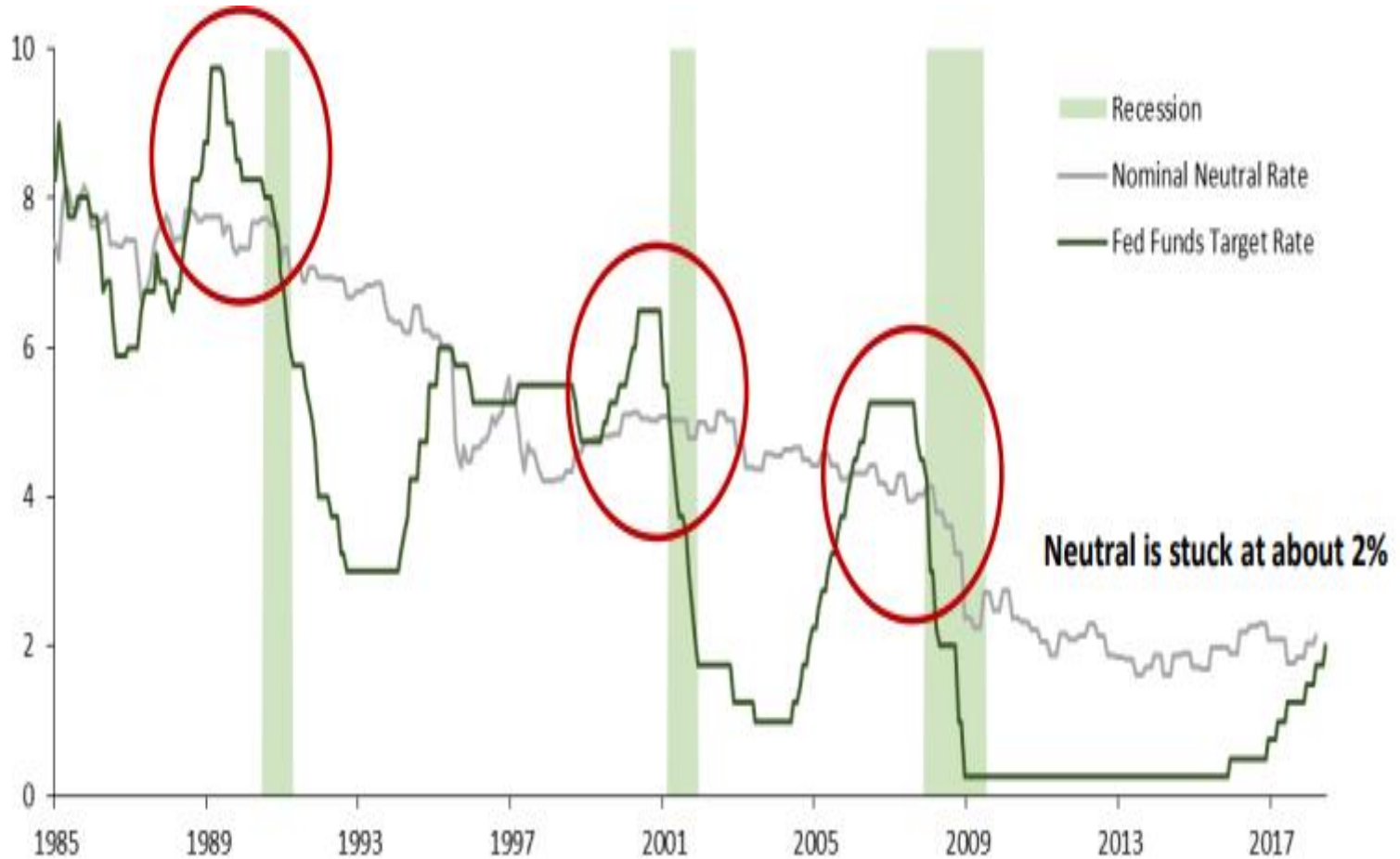
Growth in the aggregate balance sheet of the world's major central banks is slowing but still positive.



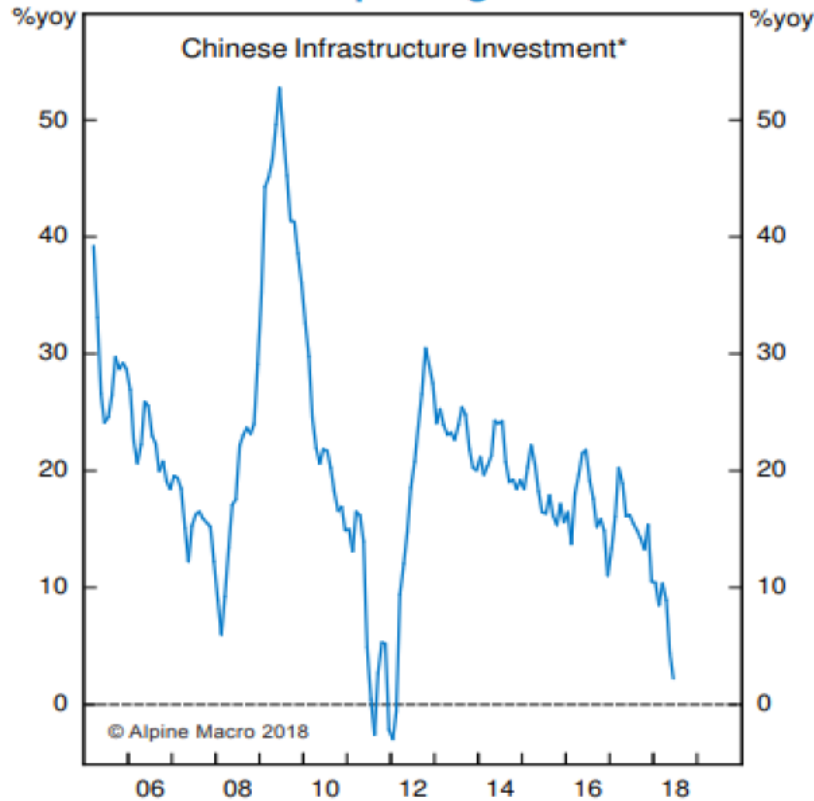
* INCLUDING US, UK, ECB, JAPAN, CHINA, AND SWITZERLAND
As of 7/18/2018.

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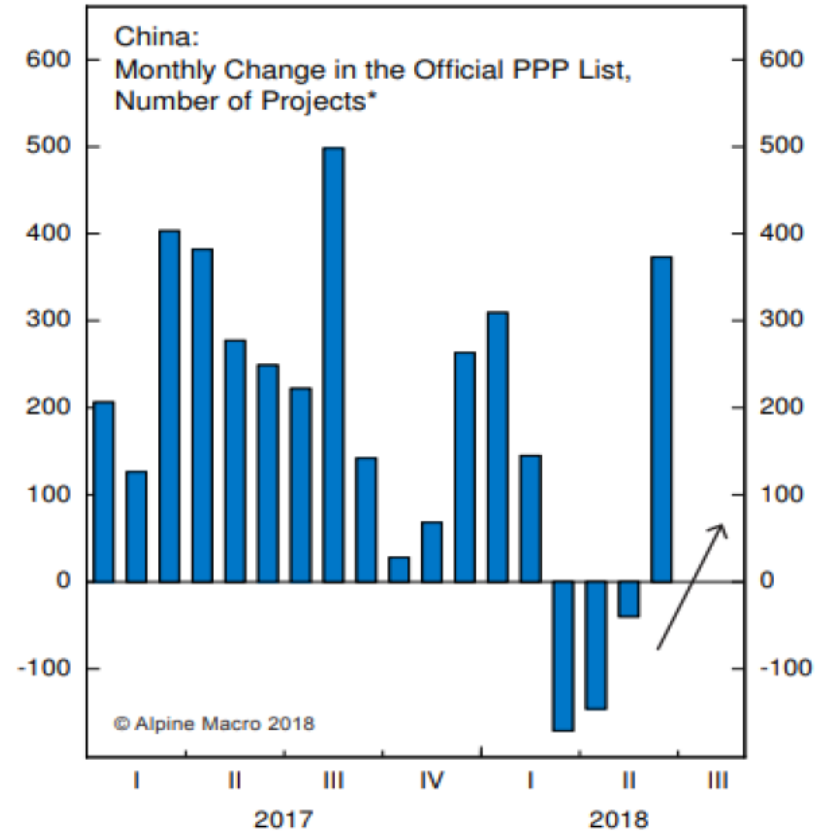
The Fed Funds rate is already close to central bank's estimates of the "neutral" rate. It will be mindful of raising rates and shrinking the balance sheet from here forward.



China has ended the regulatory review which weighed on infrastructure spending. The focus has shifted to stabilizing the economy.



*Shown as 3-month moving average



*Source: China Public Private Partnerships Center

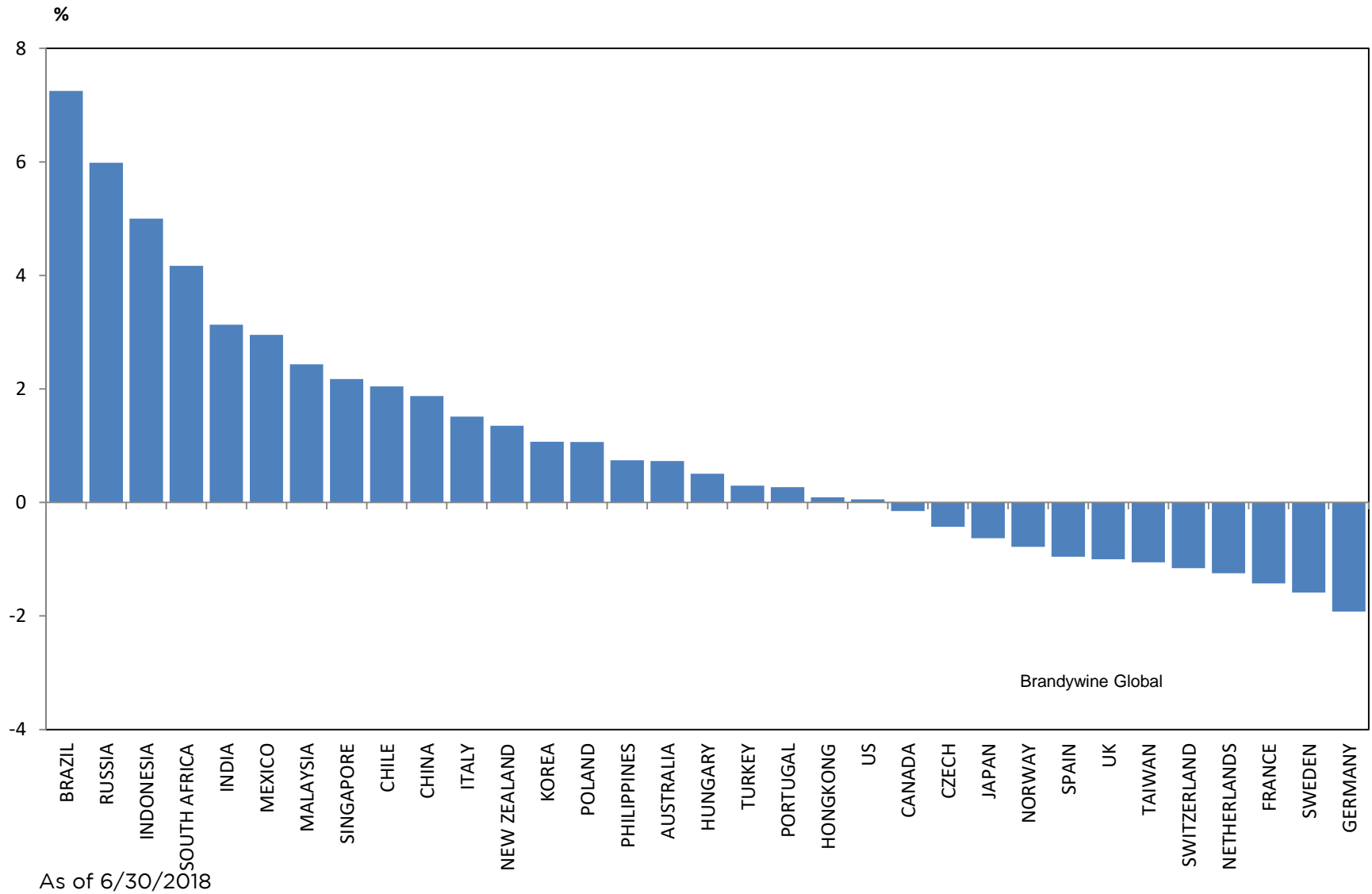
The Global PMI for manufacturing new export orders is beginning to bottom out.



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Second quarter turbulence drove risk premiums in some EM fixed income markets to recession levels.

REAL 10 YEAR BOND YIELD RANKING - BASED ON 12-MONTH % CHANGE OF HEADLINE CPI



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