



## 2<sup>nd</sup> Quarter 2022 Webcast

### Diversified Large Cap Value Equity

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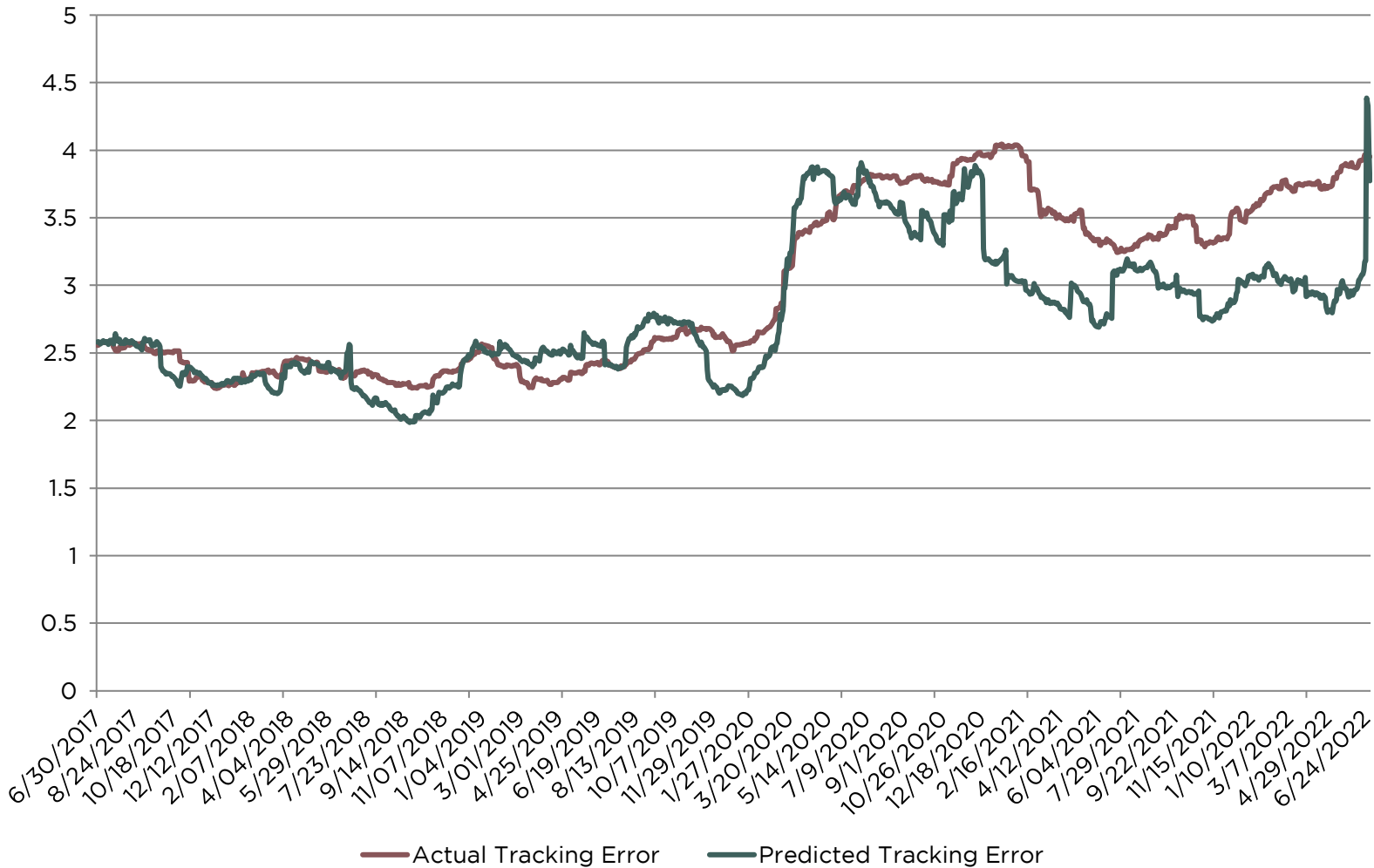
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# Tracking Error: June 30, 2017 to June 30, 2022\*

## Predicted Tracking Error and Actual Tracking Error (12 Months) Versus the Russell 1000 Value Index



— Actual Tracking Error    — Predicted Tracking Error

\*Supplemental information to the attached Diversified Large Cap Value Equity GIPS – compliant composite and Diversified Large Cap Value Select Equity GIPS – compliant composite.

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# Economic Review 2<sup>nd</sup> Quarter 2022

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- **Broad equity markets accelerated the earlier decline and fell precipitously in the second quarter**
  - Recession fears and high inflation drove equity markets down.
  - The S&P 500 was down -16.1% for the quarter and -20% ytd; the worst first half performance since the first half of 1970.
- **Concerns of an impending economic slowdown grew amid persistently high inflation with mixed economic data**
  - May consumer price index accelerated 8.6% annually to a 40-year high as confidence fell sharply in June.
  - Housing trended down on higher mortgage rates and elevated prices, but in May, both new and pending home sales gained.
- **Probability of a near-term recession is low, however there is a risk that lower sentiment translates into consumers significantly cutting back spending**
  - Inflation adjusted consumer spending fell in May for the first time this year, and June manufacturing data revealed new orders are below inventories.
  - Unlike past downturns the underlying economic fundamentals are on more solid footing, reflected in stronger balance sheets of companies and consumers, while employment stats have not indicated a pronounced slowdown and the June employment report added more jobs than expected under a steady 3.6% unemployment rate.
- **Interest rates/Federal Reserve (Fed)**
  - Fed playing catch up with aggressive monetary tightening, bonds fell sharply, and yields surged in the second quarter.
  - Fears of a hard landing mounted after the FOMC 75 bps increase at the June meeting—the largest increase since 1994.
  - Strong June employment report supports another 75 bps increase at the July FOMC meeting—subject to new data.
  - Rising interest rates have bolstered the strength of U.S. \$ relative to other currencies as it approaches parity with the Euro.
- **Global concerns**
  - War in Ukraine remains a risk to global economic growth.
  - China's zero COVID-19 policy remains a concern as more transmissible omicron subvariants emerge, but the economy showed signs of improvement as outbreaks declined, restrictions were eased, and supply chain disruptions abated.

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# Market Performance 2<sup>nd</sup> Quarter 2022

- The S&P 500 fell 16.1% in the second quarter after declining 4.6% in the first quarter.
- Value was significantly more defensive than growth stocks in the quarter and year to date.
- Large-cap stocks were also more defensive than small-cap stocks in line with a more typical risk-off environment.

Index Total Returns	2Q 2022	YTD
Russell 1000 Value	-12.2%	-12.9%
Russell 1000	-16.7%	-20.9%
Russell 1000 Growth	-20.9%	-28.1%
Russell 2000 Value	-15.3%	-17.3%
Russell 2000	-17.2%	-23.4%
Russell 2000 Growth	-19.3%	-29.5%

## • Sector / Factor Performance

- Within large cap value most sectors posted losses of 15% or greater. Only four sectors were down low single digits – health care, utilities, energy and consumer staples.
- In the broader market, consumer discretionary, technology and communication service were the sectors that lagged the most, while in large cap value it was technology and materials.
- Value factors were mixed as low price-to-earnings (P/E) was near flat while low price-to-book (P/B) outperformed high P/B, which was led by weakness in consumer discretionary and materials.
- Quality was effective as positive earnings, low share change and high return on equity (ROE) performed well, while higher momentum also outperformed in the quarter.

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# 2<sup>nd</sup> Quarter Positives for Relative Returns

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## Health Care

- **Pharmaceutical companies were among the best performers in the quarter. The portfolio overweight and outperformance within biotechnology and pharmaceuticals made healthcare the strongest sector for the quarter.**

## Industrials

- **Strong stock selection in aerospace and defense helped industrials outperform while being underweight to the sector. Many holdings are pushed into our hold range as conflict and supplying Ukraine with weapons elevates defense contractor prices.**

## Information Technology

- **Overall weakness in the technology sector enters it's second year. The benefit to the portfolio was from avoiding many of the weak application software companies and being underweight the poor performing semiconductor companies.**

## Energy

- **Overweighting and strong performance in integrated oil drove the contribution to energy. The impact of the war in Ukraine continue to pressure oil prices. Despite the strong gains, many stocks remain low PE.**

## Factors

- **Higher quality ROE stocks outperformed led by health care and consumer staples companies.**
- **Price momentum was also a positive factor for the portfolio with the lowest momentum communication services and consumer discretionary companies continuing to languish while energy, healthcare, industrials and utilities benefited from continued relative price momentum.**

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## 2<sup>nd</sup> Quarter Negatives for Relative Returns

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### Materials

- **Metals and mining stocks drove down the Materials sector for the quarter despite only representing 25% of the overall sector. Precious metals reversed the trend since the beginning of the Russian war in Ukraine. Even gold which is viewed as both a hedge against Inflation and the stock market fell twice as much as the overall benchmark. Drastic rate hikes by the Federal reserve to combat inflation has bolstered the U.S. currency which in turn has hurt the prospect for gold versus higher yielding safe alternatives.**

### Consumer Discretionary

- **Retailing and auto industries were very weak this quarter with the impact from the persistently high inflationary environment. Online retailing and department stores fell anywhere from 21% to 61%. Target fell the most since the Black Monday (1987) sell off 35 yrs ago 2 days after Walmart had the same historical drop relative to its own history. Earnings disappointments and reduced profit forecasts from higher inflationary costs continue to impact the outlook. The overweight positioning produced a slight detraction overall for the sector.**

### Factors

- **With such a broad selloff, higher beta stocks severely underperformed their lower beta counterparts. The small overweight in the higher beta quartiles was a slight headwind for the portfolio from a factor perspective but the impact was mitigated from the other factors and overall strong stock selection.**

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# Representative Account\*

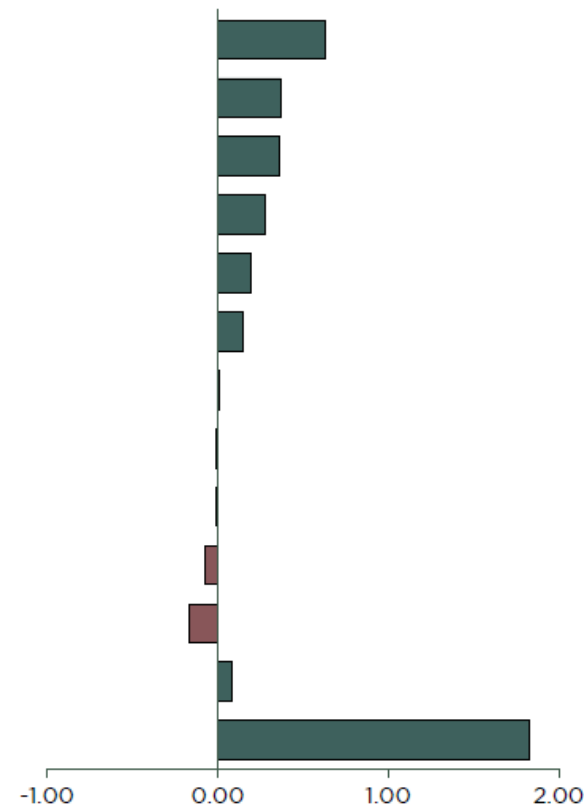
Diversified Large Cap Value Equity

# Attribution Analysis

2<sup>nd</sup> Quarter 2022

## Diversified Large Cap Value Equity Composite Return (Net of Fees): -10.49%

	Your Portfolio		Russell 1000 Value		Variance Analysis		
	Avg. Weight	Gross Return	Avg. Weight	Gross Return	Allocation	Selection	Total
Health Care	21.60	-2.11	18.43	-3.92	0.28	0.35	0.63
Industrials	8.59	-11.16	10.37	-14.66	0.06	0.31	0.37
Information Technology	10.25	-15.23	9.10	-19.04	-0.08	0.44	0.36
Energy	8.13	-1.95	7.88	-5.42	0.02	0.26	0.28
Real Estate	0.29	-23.24	4.81	-16.78	0.21	-0.02	0.19
Financials	23.64	-15.79	19.93	-17.16	-0.20	0.35	0.15
Communication Services	2.67	-17.05	7.06	-14.13	0.09	-0.08	0.01
Consumer Staples	6.60	-4.78	7.74	-5.56	-0.06	0.05	-0.01
Utilities	5.16	-4.74	5.58	-5.25	-0.04	0.03	-0.01
Consumer Discretionary	7.68	-15.89	4.98	-15.78	-0.08	0.01	-0.07
Materials	4.70	-21.29	4.05	-18.93	-0.05	-0.13	-0.17
CASH	0.68	0.26	0.00	0.00	0.08	0.00	0.08
<b>Total</b>	<b>100.00</b>	<b>-10.39</b>	<b>100.00</b>	<b>-12.22</b>	<b>0.25</b>	<b>1.58</b>	<b>1.83</b>



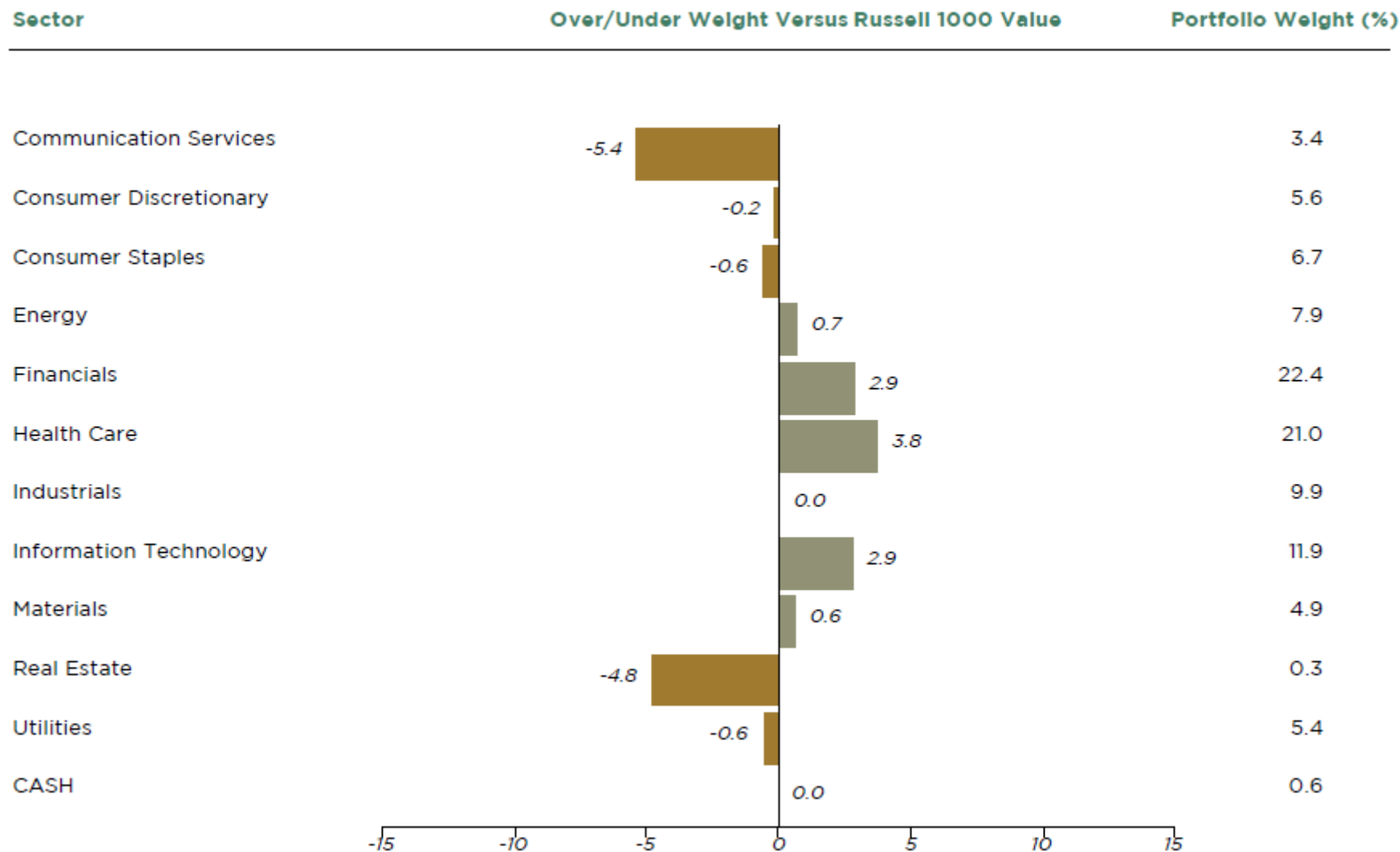
■ Outperformed vs. Russell 1000 Value  
■ Underperformed vs. Russell 1000 Value

\*Supplemental Information to the attached Diversified Large Cap Value Equity GIPS composite presentation.

The data is based upon a Representative Portfolio for the Diversified Large Cap Value Equity strategy in a separately managed institutional client account. The data represent the aggregate characteristics of all securities held in the Representative Portfolio. Data is obtained from Factset Research Systems, Inc. and is believed to be accurate and reliable. The actual characteristics with regard to any particular client account may vary based on any investment restrictions applicable to the account. Sector and industry weights of any particular client account may vary based on any investment restrictions applicable to the account. The Russell 1000® Value Index is a trademark of FTSE Russell. Russell™ is a trademark of FTSE Russell. The Russell 1000® Value Index is constructed to provide a comprehensive and unbiased barometer of the large cap value segment of the equity market. Indices are unmanaged and not available for direct investment. It should not be assumed that investment in any of the sectors or industries listed were or will prove profitable, or that investment decisions we make in the future will 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 Part 2A of Brandywine Global's Form ADV for a description of its advisory fees. Please refer to the end of this presentation for our GIPS presentations, which include performance footnotes, fee schedules, index descriptions and disclosures. This data is provided for informational purposes only. **Past performance is no guarantee of future results.**

# Diversified Large Cap Value Equity Sector Weights\*

As of 6/30/2022



\*Supplemental Information to the attached Diversified Large Cap Value Equity GIPS composite presentation.

This data is based upon a Representative Portfolio for the Diversified Large Cap Value Equity strategy and represents the aggregate characteristics of all securities held in the Representative Portfolio. It is included for informational purposes only. The sectors discussed herein should not be perceived as investment recommendations and may no longer be held in an account's Portfolio. Sector weights and actual characteristics of any particular client account may vary based on any investment restrictions applicable to the account. It should not be assumed that investment in the sectors listed were or will prove to be profitable, or that the investment decisions we make in the future will be profitable. Data is obtained through FTSE Russell and Brandywine Global (© 2022), which is believed to be reliable and accurate. FTSE Russell provides data on index holdings. The Russell 1000® Value Index is constructed to provide a comprehensive and unbiased barometer of the large cap value segment of the equity market. This data is provided for informational purposes only. The Russell 1000® Value Index is unmanaged and not available for direct investment. The Russell 1000® Value Index is a trademark of FTSE Russell. Russell™ is a trademark of FTSE Russell. Please refer to the end of this presentation for our GIPS presentations which include Performance Footnotes, Index Descriptions, Fee Schedules and Disclosures. **Past performance is no guarantee of future results.**



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# Diversified Large Cap Value Composite Disclosure

As of 6/30/2022 Results shown in USD

Year or YTD	Returns (%)				# of Accts	Market Value (MM)	Firm Assets (MM)	Composite Dispersion (%)	St. Dev. (% 3-Year Rolling)			Returns (%)				
	Composite Gross of Fees	Composite Net of Fees	R1000V <sup>1</sup>	SP500 <sup>2</sup>					Composite	R1000V <sup>1</sup>	SP500 <sup>2</sup>	Period	Composite Gross of Fees	Composite Net of Fees	R1000V <sup>1</sup>	SP500 <sup>2</sup>
2022	-9.71	-9.96	-12.86	-19.96	10	6,018	57,986	0.01	19.13	19.18	18.38	QTD	-10.37	-10.49	-12.21	-16.10
2021	30.83	30.13	25.16	28.71	9	7,452	67,356	0.08	19.33	19.06	17.17	YTD	-9.71	-9.96	-12.86	-19.96
2020	-0.64	-1.19	2.80	18.40	11	6,928	63,872	0.03	19.82	19.62	18.53	1 Year	-3.37	-3.90	-6.82	-10.62
2019	26.60	25.92	26.54	31.49	11	7,456	74,024	0.02	12.88	11.85	11.93	3 Year	9.09	8.49	6.86	10.59
2018	-8.19	-8.70	-8.27	-4.38	11	7,143	70,070	0.02	11.96	10.82	10.80	5 Year	8.97	8.38	7.16	11.30
2017	21.05	20.40	13.66	21.83	10	7,883	74,382	0.17	11.35	10.20	9.92	7 Year	9.16	8.56	7.68	11.13
2016	15.13	14.50	17.34	11.96	10	7,397	65,498	0.14	11.74	10.77	10.59	10 Year	11.48	10.80	10.49	12.95
2015	-2.28	-2.98	-3.83	1.38	10	7,257	68,819	0.05	11.19	10.68	10.47	Since Inception	8.38	7.66	6.80	6.74
2014	13.22	12.39	13.45	13.69	8	5,898	63,375	0.03	9.16	9.20	8.97					
2013	33.09	32.12	32.53	32.39	7	3,406	50,050	0.02	11.70	12.70	11.94					
2012	16.05	15.20	17.51	16.00	7	2,666	42,894	0.06	14.66	15.51	15.09					

Year	Composite Return Gross of Fees (%)				Composite Return Net of Fees (%)				R1000V <sup>1</sup> Return (%)				SP500 <sup>2</sup> Return (%)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2022	0.73	-10.37	-	-	0.59	-10.49	-	-	-0.74	-12.21	-	-	-4.60	-16.10	-	-
2021	15.38	5.95	-0.19	7.23	15.23	5.81	-0.33	7.08	11.26	5.21	-0.78	7.77	6.17	8.55	0.58	11.03
2020	-27.20	14.41	4.31	14.36	-27.31	14.26	4.17	14.21	-26.73	14.29	5.59	16.25	-19.60	20.54	8.93	12.15
2019	11.19	2.93	1.29	9.22	11.04	2.79	1.15	9.08	11.93	3.84	1.36	7.41	13.65	4.30	1.70	9.07
2018	-2.06	0.58	7.31	-13.15	-2.19	0.44	7.17	-13.28	-2.83	1.18	5.70	-11.72	-0.76	3.43	7.71	-13.52
2017	4.80	2.51	4.97	7.34	4.66	2.37	4.83	7.19	3.27	1.34	3.11	5.33	6.07	3.09	4.48	6.64
2016	0.48	1.91	4.00	8.11	0.34	1.77	3.86	7.97	1.64	4.58	3.48	6.68	1.35	2.46	3.85	3.82
2015	-0.65	1.17	-7.69	5.31	-0.84	0.99	-7.86	5.15	-0.72	0.11	-8.39	5.64	0.95	0.28	-6.44	7.04
2014	2.49	4.39	1.08	4.70	2.30	4.20	0.89	4.51	3.02	5.10	-0.19	4.98	1.81	5.23	1.13	4.93
2013	11.08	2.94	4.83	11.02	10.88	2.75	4.64	10.82	12.31	3.20	3.94	10.01	10.61	2.91	5.24	10.51
2012	11.19	-1.50	5.82	0.13	10.98	-1.68	5.63	-0.05	11.12	-2.20	6.51	1.52	12.59	-2.75	6.35	-0.38

<sup>1</sup>R1000V = Russell 1000 Value <sup>2</sup>SP500 = S&P 500 Inception Date: 4/1/1999 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. The Diversified Large Cap Value Composite has had a performance examination for the periods April 1, 1999 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. 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. <sup>1</sup> Composite Description: Diversified Large Cap Value Equity Composite (the "Composite") Inception date: April 1, 1999. Creation date is April 1, 1999. The Composite includes all fully discretionary, actively managed accounts with no minimum market value requirement and no investment restrictions. The composite is primarily invested in large capitalization U.S. common stocks with Price-to-Earnings ratios below the 40th percentile or Price-to-Book ratios below the 25th quartile, favorable change in share issuance, and attractive price momentum. The portfolios typically hold approximately 150 - 250 securities. A non fee-paying account was the sole account in the composite from 1999-2005. As of June 30, 2019, non fee-paying account represented less than 1% of composite assets. <sup>2</sup> Primary Benchmark Description: 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. Secondary Benchmark Description: 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 a 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, calculated using gross-of-fee returns, measures the variability of the composite and the benchmark returns over the preceding 36-month period. Gross-of-fee returns are used to calculate the presented risk measures. Past performance is no guarantee of future results. 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. <sup>1</sup> Fee Schedule: Institutional Client Separate Account Management Fee Schedule (minimum initial investment: \$25 million): 0.550% on the first \$50 million; 0.400% on the next \$150 million; 0.350% on the next \$200 million; 0.300% on the next \$250 million, and 0.250% on any portion of assets in excess of \$650 million. Institutional Client Commingled Account Management Investment Trust Fee Schedule (minimum initial investment: \$1 million): 0.550% on the first \$50 million; 0.400% on the next \$150 million; 0.350% on the next \$200 million; 0.300% on the next \$250 million, and 0.250% on any portion of assets in excess of \$650 million. Additional information on the Firm's fee schedule can be found in Form ADV Part 2A which is available upon request.