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## 2<sup>nd</sup> Quarter 2020 Webcast

### Diversified Large Cap Value Equity

**Presented by**

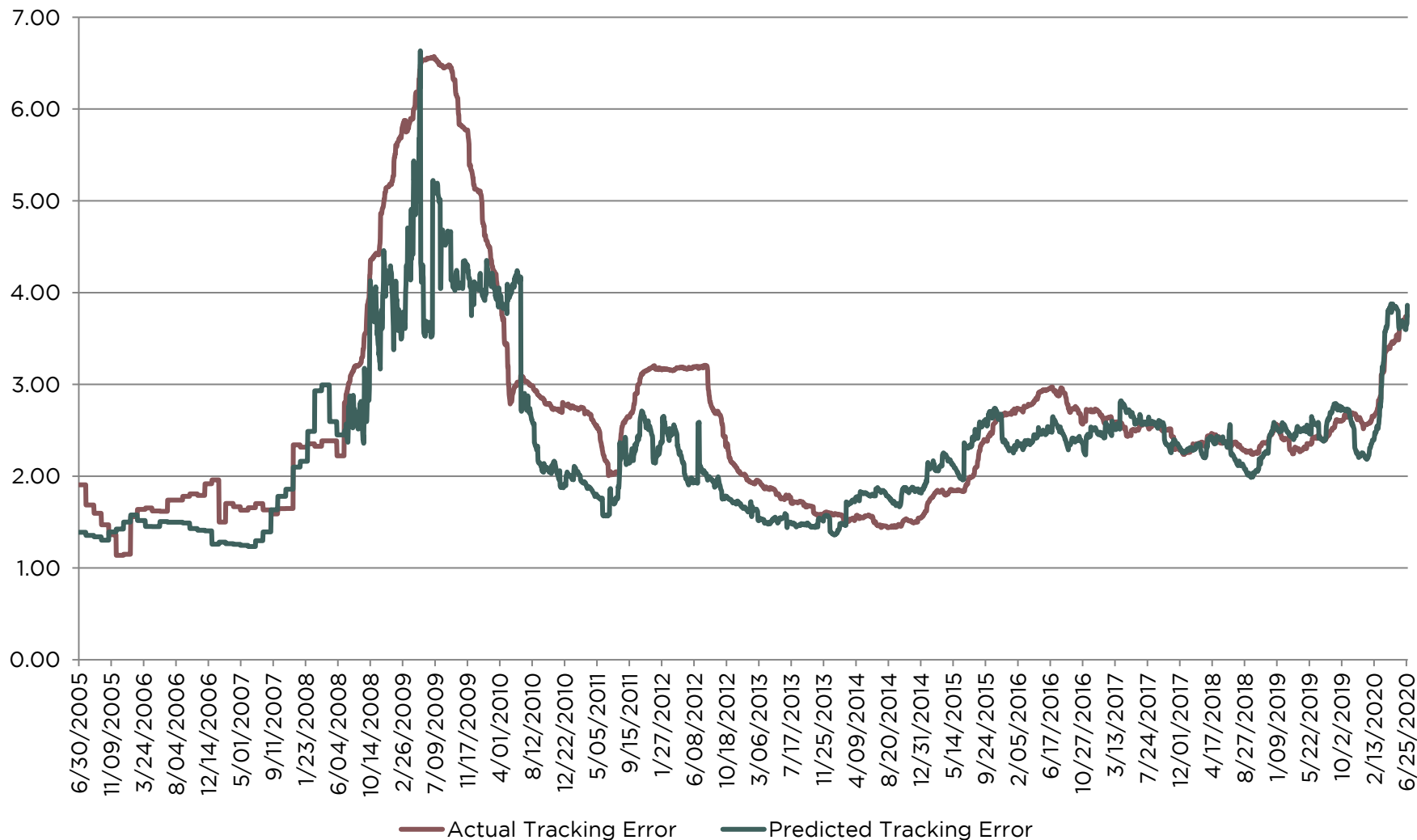
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# Tracking Error: June 30, 2005 to June 30, 2020\*

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



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

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# Economic Review 2nd Quarter 2020

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- **Stocks rebound sharply on expectations of a V-shaped recovery**
  - Optimism from reopening the economy grew, despite an increase in coronavirus cases at quarter end. Unlike the first wave, there has not been a corresponding surge in hospitalizations or deaths yet.
  - Vaccine and treatment progress added to the rebound.
- **Better-than-expected economic data contributed to strong gains**
  - June employment report supported the market view of a rapid recovery as 4.8 million jobs were added, and the unemployment rate declined to 11.1% from 13.3%.
  - Consumers were much more optimistic about the reopening of the economy as confidence surged in June.
  - Pending home sales highlight pent-up demand fueling the recovery and possibly the beginning of household creation in a shift toward owning vs. renting.
- **Federal Reserve (Fed)/ Interest rates**
  - Unprecedented fiscal and monetary stimulus added to optimism.
  - The Fed continues to use all available tools including boosting treasury and mortgage holdings and projecting short-term rates near zero through 2022.
- **Oil Price Recovery**
  - After an unprecedented dislocation in crude oil futures in mid-April, oil gained over 90% in the quarter.
- **Global Concerns**
  - Resurgence of coronavirus cases, particularly in the U.S., jeopardizes further gains in the recovery and are hampering worldwide travel.
  - Severe social unrest in the U.S., election uncertainty, and geopolitical tensions with China.

# Market Performance 2<sup>nd</sup> Quarter 2020

- The S&P 500 rose 20.5% in the quarter, posting its best quarter since 1998.
- Value stocks again fared worse, lagging their growth counterparts by more than 1,000 basis points.
- Small-cap companies outperformed large cap during the strong rebound.

Index Total Returns	2Q 2020	YTD
Russell 1000 Value	14.3%	-16.3%
Russell 1000	21.8%	-2.8%
Russell 1000 Growth	27.8%	9.8%
Russell 2000 Value	18.9%	-23.5%
Russell 2000	25.4%	-13.0%
Russell 2000 Growth	30.6%	-3.1%

## • Sector / Factor Performance

- The energy sector had a strong rebound since the price of crude oil rose over 90% in the quarter after OPEC and Russia ended their first quarter price war.
- Growth factors generally did better again this quarter, however, sales growth was rewarded while earnings growth lagged. Non-earning companies, i.e., zero or negative earnings, also outperformed.
- In large-cap value, energy and consumer discretionary sectors were the best performers as companies with lowest price momentum snapped back.
- Consistent with historical patterns, cyclical factors, such as high beta, lower quality, and smaller companies, led during the recovery in equity markets.

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

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### Utilities

- The utilities sector is comprised of slower growth companies, which offer relatively higher dividend yields than the broader market which makes this sector traditionally more defensive during market selloffs. With such a strong rebound overall in stock prices during the quarter, portending what might be the quickest economic recovery ever experienced, this sector lagged the broader market. The large underweight in the strategy was a benefit for relative performance.

### Information Technology

- The worldwide shift to working from home and shopping from home which, began during the prior quarter, was in full effect this quarter as communities observed and in some cases enforced strict curfews and stay-at-home orders. This increased the demand for technology hardware and software to keep companies and businesses connected and functioning. The strategy benefited from maintaining just over twice the benchmark exposure in this sector.

### Consumer Discretionary

- Similar to energy, the consumer discretionary sector had a very strong snapback after being one of the weakest segments of the market last quarter. With the gradual reopening of the economy, the contribution to the strategy was driven by stock selection, most notably within retailing and homebuilding. The benefit from these industries was large enough to overcome the headwind of a sizable relative underweight, and this sector had the best absolute returns in the portfolio.

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

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### Energy

- In the first quarter, the price of crude oil fell into the abyss. As the price war that raged over production cuts abated and economies began to reopen driving up demand, the commodity rose over 90%. We had reduced our positioning in the sector in the beginning of the year driven mostly from the price momentum factor. Having a pronounced underweight in the best-performing sector in the second quarter detracted from returns. However, despite the strong rebound, our reduced positioning from early in the year, still was a net benefit year-to-date.

### Communication Services

- The safety of higher-yielding telecom companies was shunned during this quarter, favoring high-growth and lower-quality companies. The strategy has owned Verizon for over two years and we recently added AT&T in the beginning of the year. Low single-digit returns for both companies detracted from relative performance.

### Health Care

- Another sector that showed a big reversal from the prior quarter was the health care sector. The pharmaceutical and biotechnology industries were the drivers of the relative weakness versus the benchmark. We are skewed toward larger more stable companies with earnings, which make them lower valuation. The better performers during the quarter were the higher risk, higher valuation, and growthier companies.

### Factors

- Lower-quality and smaller companies tend to lead the broad market early in a recovery. Growthier higher priced companies once again performed well, especially companies with high sales growth. These were both very strong headwinds for our strategy since we favor higher-quality companies with lower more reasonable valuations. Additionally, the laggards from the prior quarter snapped back sharply. We avoid the lowest momentum companies and saw the negative impact from some of the low momentum energy companies we sold last quarter rebounding with the price of oil.

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# Representative Account\*

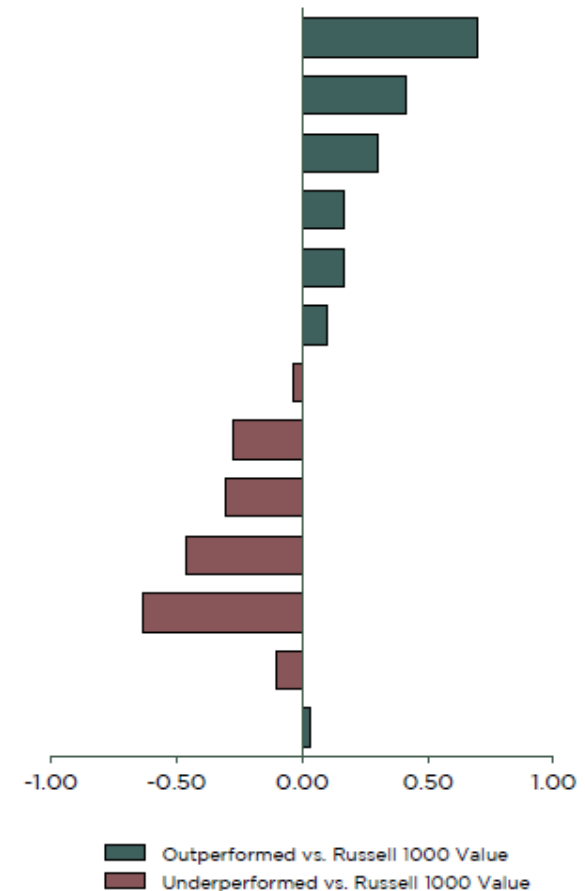
## Diversified Large Cap Value Equity

# Attribution Analysis

2<sup>nd</sup> Quarter 2020

### Diversified Large Cap Value Equity Composite Return (Net of Fees): 14.17%

	Your Portfolio		Russell 1000 Value		Variance Analysis		
	Avg. Weight	Gross Return	Avg. Weight	Gross Return	Allocation	Selection	Total
Utilities	1.97	6.00	7.30	2.85	0.64	0.06	0.70
Information Technology	15.28	19.13	7.00	18.89	0.40	0.02	0.41
Consumer Discretionary	4.20	43.58	5.65	29.94	-0.17	0.48	0.30
Consumer Staples	4.48	3.39	10.17	7.79	0.39	-0.22	0.17
Financials	26.40	12.69	20.84	11.11	-0.27	0.44	0.16
Real Estate	0.22	19.92	4.94	12.52	0.08	0.01	0.10
Industrials	13.51	16.03	9.42	17.32	0.19	-0.22	-0.04
Materials	2.48	26.02	4.44	27.64	-0.25	-0.03	-0.28
Health Care	16.35	7.94	15.42	11.18	0.23	-0.54	-0.30
Communication Services	9.98	8.10	8.52	12.24	-0.03	-0.43	-0.46
Energy	4.46	24.81	6.23	32.32	-0.31	-0.32	-0.63
CASH	0.68	0.03	0.00	0.00	-0.10	0.00	-0.10
<b>Total</b>	<b>100.00</b>	<b>14.34</b>	<b>100.00</b>	<b>14.30</b>	<b>0.78</b>	<b>-0.75</b>	<b>0.04</b>

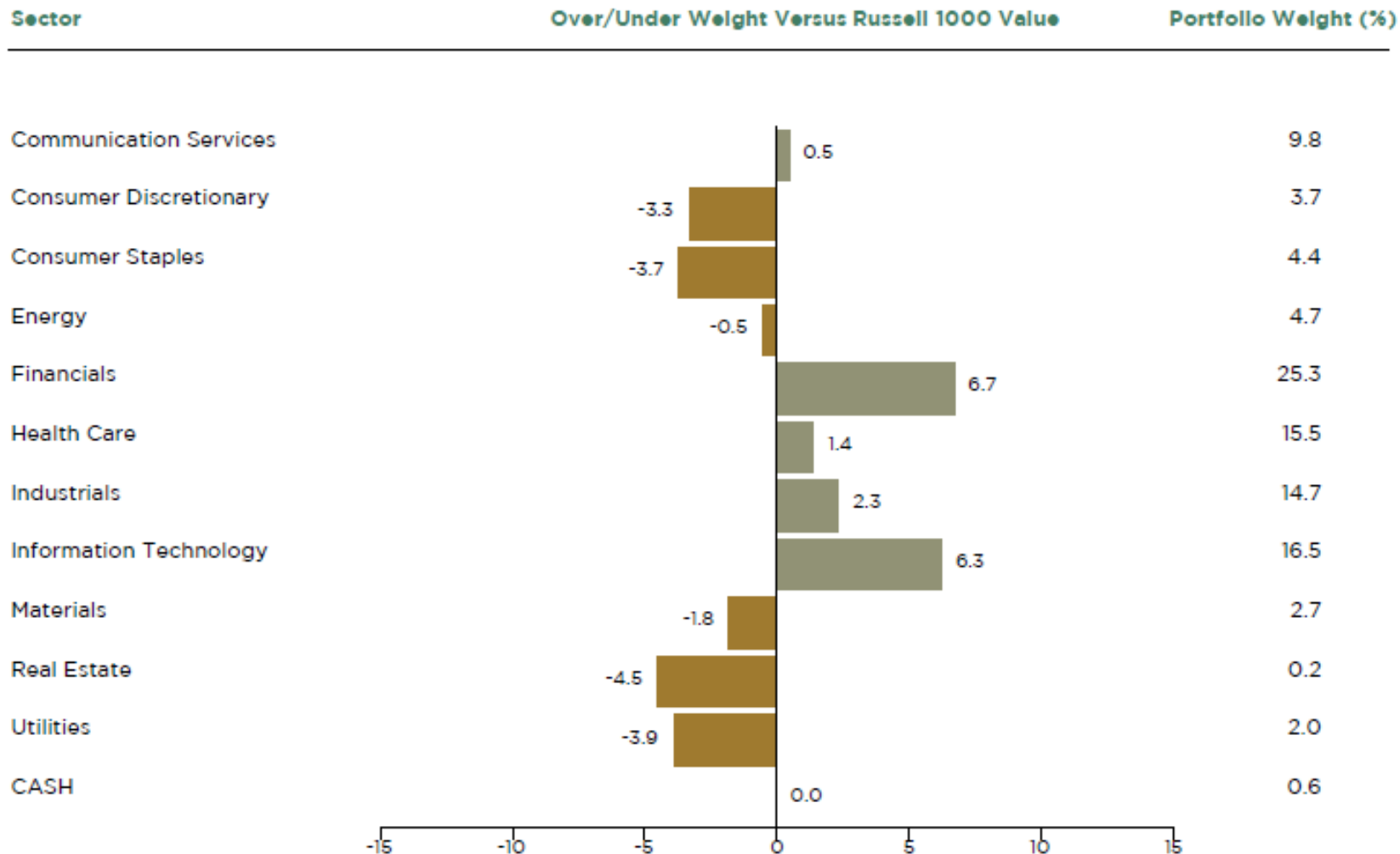


\*Supplemental Information to the attached Diversified Large Cap Value Equity GIPS composite presentation.

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 6/30/2020



\*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 (copyright 2020), 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 6/30/2020 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>
2020	-16.71	-16.94	-16.26	-3.08	12	6,037	63,493	0.02	18.38	17.84	16.71	QTD	14.41	14.26	14.29	20.54
2019	26.60	25.92	26.54	31.49	11	7,456	74,024	0.02	12.88	11.85	11.93	YTD	-16.71	-16.94	-16.26	-3.08
2018	-8.19	-8.70	-8.27	-4.38	11	7,143	70,070	0.02	11.96	10.82	10.80	1 Year	-7.85	-8.36	-8.84	7.51
2017	21.05	20.40	13.66	21.83	10	7,883	74,382	0.17	11.35	10.20	9.92	3 Year	2.94	2.37	1.82	10.72
2016	15.13	14.50	17.34	11.96	10	7,397	65,498	0.14	11.74	10.77	10.59	5 Year	5.57	4.98	4.64	10.72
2015	-2.28	-2.98	-3.83	1.38	10	7,257	68,819	0.05	11.19	10.68	10.47	7 Year	8.20	7.54	7.11	12.12
2014	13.22	12.39	13.45	13.69	8	5,898	63,375	0.03	9.16	9.20	8.97	10 Year	11.47	10.75	10.40	13.97
2013	33.09	32.12	32.53	32.39	7	3,406	50,050	0.02	11.70	12.70	11.94	Since Inception	7.46	6.73	6.00	6.24
2012	16.05	15.20	17.51	16.00	7	2,666	42,894	0.06	14.66	15.51	15.09					
2011	6.97	6.17	0.39	2.11	6	2,385	33,122	-	18.88	20.69	18.71					
2010	12.45	11.62	15.51	15.06	5	1,615	31,996	-	21.45	23.18	21.85					

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
2020	-27.20	14.41	-	-	-27.31	14.26	-	-	-26.73	14.29	-	-	-19.60	20.54	-	-
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
2011	7.29	1.29	-13.34	13.58	7.10	1.10	-13.51	13.38	6.46	-0.50	-16.20	13.11	5.92	0.10	-13.87	11.81
2010	5.92	-11.70	10.13	9.16	5.73	-11.87	9.94	8.96	6.78	-11.14	10.13	10.54	5.39	-11.43	11.29	10.76

<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 Legg Mason, 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, 2019. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Diversified Large Cap Value Composite has been examined for the periods April 1, 1999 through June 30, 2019. The verification and performance examination reports are available upon request. Policies for valuing portfolios, calculating performance, and preparing compliant presentations 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. 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. 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 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: 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.