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2nd Quarter 2016 Webcast

Large Cap Value

Presented by

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The Struggles of Value

- Every value manager in the bottom 10th on P/E is also in the bottom 10th on performance*
- The 10% of stocks most correlated with Treasury yields trade at a 38% premium to the 10% least correlated despite similar dividend yields and growth rates
- The “most crowded” groups include Consumer Staples and Low Beta; the “least crowded” include Energy, Financials, High Beta, and Low Price-to-Book
- Given the above, our strategy is suffering great challenges

* Data is obtained through eVestment Alliance, LLC. Performance rankings presented are based on the U.S. Large Cap Value Equity Universe for the year through March 31, 2016. eVestment is a third-party, global provider of institutional investment data intelligence and analytics solutions. eVestment universes are based on a set of criteria which includes qualitative and quantitative factors to create and maintain a comparative peer group. eVestment collects information directly from investment management firms and other sources believed to be reliable and accurate.

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Second Quarter 2016

- The average gross return for Large Cap Value accounts during the quarter was -1.54% (-1.72% net) versus 4.58% for the Russell 1000 Value.

- Our worst-performers have single-digit P/E ratios

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

*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 (©2016 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 6/30/2016

Second Quarter 2016

- Strategy still appears exceptionally cheap compared to historical norm and relative to the Russell 1000 Value Index.

	6/30/2016	
	Representative Account	Russell 1000 Value Index
Price-to-Earnings	11.2x	17.0x
Price-to-Book	1.3x	1.8x
Price-to-Cash Flow	5.0x	8.6x
Dividend Yield	2.4%	2.6%
Weighted Avg Market Cap (\$B)	\$66.3	\$112.3
Median Market Cap (\$B)	\$13.7	\$7.5

*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. The data represents the aggregate characteristics of all securities held in Brandywine Global's Classic Large Cap Value 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. 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 (©2016 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.**

Sector Return Disparities

As of 6/30/2016

Second Quarter 2016

- Crowded trades exist in Telecom, Utilities and Staples; the least crowded trades include Financials and Energy

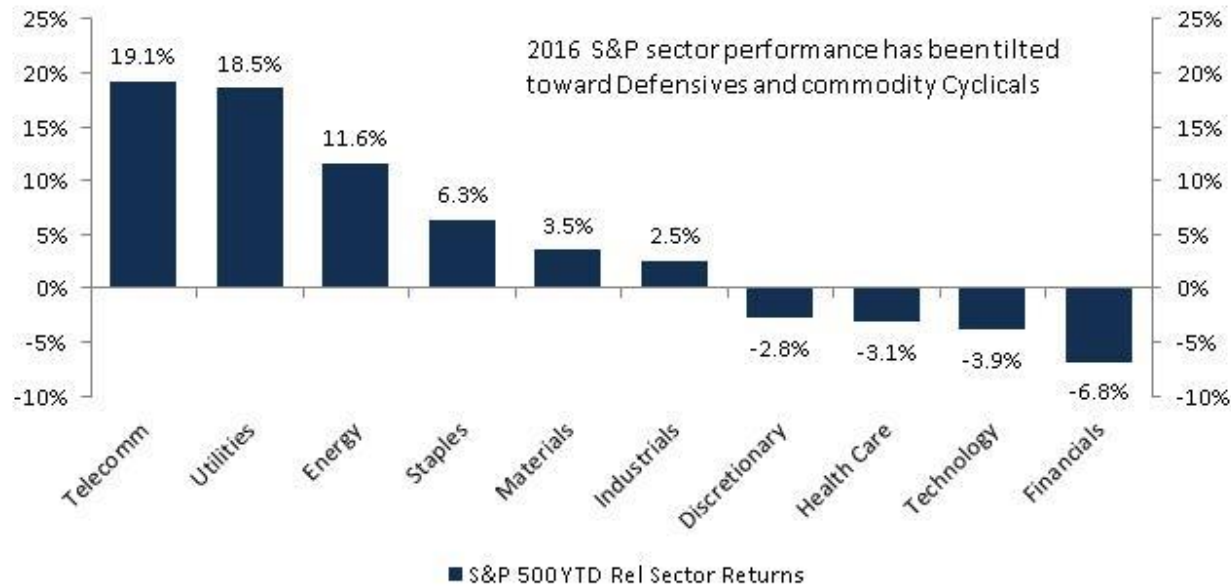


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The Market has a Strong Preference for “Safety”

As of 6/30/2016

Second Quarter 2016

- Valuations of Defensive and Low Beta Stocks are at historic extremes



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Factor Return Spreads of the Russell 1000 Value Index

As of 6/30/2016

Second Quarter 2016

- The below table shows the return spread of various factors of the Russell 1000 Value Index. The spread is calculated by subtracting the return of the bottom quartile from the top quartile.

Russell 1000 Value Index		
Factor:	Second Quarter	Year-to-Date
Low Price-to-Book	-1.4%	-7.8%
Low Price/Earnings	-5.7%	-11.4%
High Dividend Yield	4.2%	18.4%
High ROE	-4.0%	-2.4%
Low-Debt-to-Equity	2.9%	9.4%
Low Price Volatility	1.3%	3.8%
High Earnings Growth	-6.5%	-11.9%
Higher Beta	-2.3%	-6.7%

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

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Second Quarter 2016 Sector Attribution*

As of 6/30/2016

Classic Large Cap Value - Unrestricted Composite: -1.54% Gross (-1.72% Net)

Russell 1000 Value Index: 4.58%

	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	15.5%	-14.0%	5.0%	-5.5%	-156	-113	-269
Consumer Staples	--	--	7.4%	6.3%	--	-13	-13
Energy	15.6%	19.7%	13.4%	10.8%	124	12	136
Financials	30.9%	-3.2%	28.4%	2.2%	-165	-8	-173
Health Care	7.4%	-1.4%	11.9%	9.3%	-79	-22	-101
Industrials	13.4%	-14.9%	10.1%	2.3%	-242	-8	-250
Information Technology	6.9%	13.3%	11.1%	1.2%	79	13	93
Materials	4.8%	2.8%	2.9%	6.3%	-15	5	-10
Telecommunication Services	2.7%	5.7%	2.9%	8.4%	-7	-1	-8
Utilities	0.7%	-2.8%	6.9%	7.1%	-7	-15	-22
Cash	2.1%	0.1%	--	--	--	-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 (©2016, 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 (©2016 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 6/30/2016

- Data supports moderate US economic growth
 - Employment data remains solid
 - June ISM Manufacturing Index at 53.2 (highest since February 2015)
 - June ISM Non-Manufacturing Composite at 56.5, well above expectations
 - Housing just passed 1 million starts rate- typically leads recession by seven years
 - Fed hikes likely delayed due to international events
- Global economy a question mark
 - Brexit headlines Europe concerns, but also Italian bank and Deutsche Bank headlines
 - Brazil facing Olympic challenges; Venezuela near collapse
 - China stimulus a question mark

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Investment Outlook & Positioning

As of 6/30/2016

- Hard to imagine being more out of favor
- “What we own” looks cheap; “what we don’t own” looks very expensive
- History suggests patience is a virtue, but the interim is frustrating

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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 3/31/2016 Results shown in USD

Period	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 ¹	SP500 ²					Composite	R1000V ¹	SP500 ²	Period	Composite Gross of Fees	Composite Net of Fees	R1000V ¹	SP500 ²
2016	-3.38	-3.55	1.64	1.35	19	3,686	70,224	0.19	13.68	11.25	11.20	QTD	-3.38	-3.55	1.64	1.35
2015	-9.85	-10.48	-3.83	1.38	19	3,407	68,819	0.22	13.00	10.68	10.47	YTD	-3.38	-3.55	1.64	1.35
2014	11.35	10.58	13.45	13.69	17	983	63,375	0.27	10.85	9.20	8.97	1 Year	-13.96	-14.56	-1.54	1.78
2013	40.97	40.02	32.53	32.39	16	678	50,050	0.38	14.53	12.70	11.94	3 Year	6.93	6.19	9.37	11.81
2012	22.39	21.56	17.51	16.00	19	386	42,894	0.39	16.60	15.51	15.09	5 Year	8.73	7.98	10.23	11.57
2011	-5.08	-5.74	0.39	2.11	26	516	33,122	0.26	19.77	20.69	18.71	7 Year	14.65	13.86	16.30	16.95
2010	13.99	13.21	15.51	15.06	21	463	31,996	-	20.47	23.18	21.85	10 Year	7.33	6.59	5.71	7.00
2009	29.83	28.94	19.69	26.46	1	32	29,199	-	18.36	21.10	19.63	Since Inception	8.49	7.74	7.02	7.71
2008	-30.33	-30.83	-36.85	-37.00	1	13	32,755	-	12.91	15.36	15.08					
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	-	-	-	-					

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
2016	-3.38	-	-	-	-3.55	-	-	-	1.64	-	-	-	1.35	-	-	-
2015	1.23	-0.89	-13.83	4.28	1.06	-1.06	-13.99	4.10	-0.72	0.11	-8.40	5.64	0.95	0.28	-6.44	7.04
2014	3.53	6.38	-1.05	2.17	3.35	6.20	-1.22	2.00	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

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, 2014, 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: \$25 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.