

Microcap Equity

Objective

We seek to outperform the benchmark over a 3-5 year period while maintaining a portfolio with consistent microcap equity characteristics.

Philosophy

As value investors, we seek to buy businesses for less than they are worth. However, often stocks with low multiples are not attractively valued but efficiently priced. Rather than focus on traditional value factors, our process relies on multiple valuation methodologies to determine intrinsic value while also applying a margin of safety and downside protection. Each business is different, with different cycles, capital needs, and reinvestment opportunities. We believe using the same valuation framework for every situation may produce underperforming results. In our view, value creation can best be assessed by evaluating owner earnings or cash flow. We also believe that growth and value are not mutually exclusive, which may result in the strategy reflecting a greater or lower traditional value orientation at times.

Fundamental Analysis

We apply rigorous bottom-up analysis, utilizing financial documents, other pertinent company information, in-person interviews, and additional data sources, as the first step in determining the nature of the business and the company's potential for long-term value creation. We attempt to understand management's philosophy toward growing the business, addressing risk, allocating capital, and creating shareholder value. Our process subjects potential holdings to thorough fundamental analysis and calculates intrinsic value using a variety of metrics, including free cash flow, net asset value, or potential return on capital. Reviews are conducted by at least two analysts, with the second analyst providing an opposing view to counter any possible "motivated reasoning" or other behavioral biases. Prospective holdings are vetted by the team with the final determination made by the lead portfolio managers.

Portfolio Structure

Portfolios are constructed on a bottom-up basis with sector weights incidental but consistent with our 40% policy maximum. Individual holdings are limited to a maximum of 5% at cost. Weights are determined based on quantitative and qualitative risk/reward characteristics.

Sell Discipline

We employ a disciplined approach to sell decisions, generally selling a stock when:

- The stock appreciates to our target price without commensurate gain in intrinsic value.
- Long-term fundamentals deteriorate, negatively impacting intrinsic value.
- The existing holding is replaced with a more attractive reward/risk opportunity.
- The market capitalization drifts.

Our Competitive Advantage

The strategy seeks microcap equity opportunities in sound businesses that are priced significantly below our estimation of intrinsic value. We believe that such an approach, mirroring a private-buyer mindset, can preserve capital through improved downside protection and deliver attractive risk-adjusted returns over full market cycles.



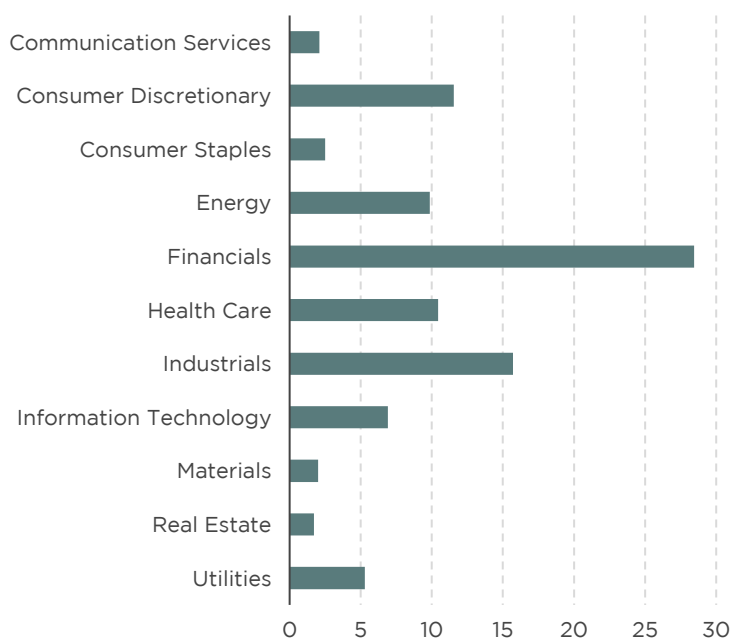
At a Glance

- Primary Benchmark: Russell Microcap® Value Index
- We expect to add value primarily through stock selection, rather than industry or sector weightings.
- We generally invest in 50-75 companies.
- Our positions in cash and cash equivalents are not actively managed, but generally account for less than 5% of portfolio assets, though our cash position may reach 10% during periods of active portfolio trading.

Characteristics^{1,2}

Price-to-Earnings ³	15.3
Price-to-Book	1.2
Price-to-Cash Flow	8.3
Dividend Yield (%)	2.0
Avg. Market Cap (\$B)	1.0
Current # of Securities	78
Turnover (% LTM)	54.7

Sector Weights^{1,2} (%)



Assets Under Management (M) (Shown in USD)

Brandywine Global, Firmwide	61,025
Fundamental Equity Product Group †	8,578
Microcap Equity	199

Calendar Year Returns² (%) (Results shown in USD)

	Gross	Net	RMICV	BUSMICV
2024	0.50	0.19	3.63	3.97
2023	8.46	7.12	8.86	9.41
2022	-18.58	-19.61	-16.70	-16.53
2021	24.88	23.35	34.84	36.30
2020	15.08	13.66	6.34	7.65
2019	30.92	29.32	21.28	19.04
2018	-11.97	-13.08	-11.96	-12.67
2017	17.87	16.43	11.09	9.05
2016	35.42	33.78	30.59	36.16
2015	0.42	-0.83	-6.45	-6.75
2014	3.26	1.98	3.15	3.27

Risk Characteristics² (Composite Net of Fees) (Since Inception)

Sharpe Ratio	0.39
Sortino Ratio	0.52
Information Ratio	0.08

Top Ten Holdings^{1,2} (%)

Jeld-wen Holding Inc	3.0
Allegiant Travel Co	2.5
Unitil Corp	2.5
Vital Energy Inc	2.3
First Internet Bancorp	2.3
Banc Of California Inc	2.1
Nerdwallet Inc	2.1
Vivid Seats Inc	2.1
Northwest Natural Holding Co	2.1
Collegium Pharmaceutical Inc	2.0

Lead Portfolio Managers



Justin C. Bennett

Portfolio Manager & Research Analyst
28 Years of Experience



Gregory P. Manley, CFA

Portfolio Manager & Research Analyst
27 Years of Experience



Steven D. Shin, CFA

Assoc. Portfolio Manager & Research Analyst
23 Years of Experience

† Includes \$3,379M in Fundamental Equity assets for which Brandywine Global provides non-discretionary investment management services. Nondiscretionary assets are reported on one month lag.

Data as of March 31, 2024

Past performance is no guarantee of future results.



Annualized Returns (%) (Results shown in USD)

	Gross	Net	RMICV	BUSMICV
QTD	0.50	0.19	3.63	3.97
YTD	0.50	0.19	3.63	3.97
1 Year	3.96	2.67	18.95	15.11
3 Year	-4.62	-5.81	-0.71	-0.16
5 Year	7.88	6.55	8.14	8.26
7 Year	7.66	6.33	7.08	7.00
10 Year	8.83	7.49	7.06	7.33
Since Inception*	11.20	9.83	9.24	9.58
Performance Break				
Pre-Break Period*	7.47	5.88	1.32	1.60

Inception Date: 3/1/2013

GIPS Information (% , unless otherwise noted) (Results shown in USD)

Year or YTD	Gross	Net	RMICV	BUSMICV	# of Accounts	Market Value (M)	Total Firm Assets (M)	Composite Dispersion	Composite Rolling 3Y SD	RMICV Rolling 3Y SD	BUSMICV Rolling 3Y SD
2024	0.50	0.19	3.63	3.97	2	199	60,106	-	22.68	21.78	22.58
2023	8.46	7.12	8.86	9.41	2	198	59,468	-	24.21	23.49	24.08
2022	-18.58	-19.61	-16.70	-16.53	3	215	52,601	-	30.03	27.99	30.55
2021	24.88	23.35	34.84	36.30	4	315	67,356	-	29.05	26.41	28.73
2020	15.08	13.66	6.34	7.65	4	285	63,872	-	30.14	26.39	29.08
2019	30.92	29.32	21.28	19.04	2	163	74,024	-	18.66	16.07	16.04
2018	-11.97	-13.08	-11.96	-12.67	1	38	70,070	-	17.86	16.55	16.13
2017	17.87	16.43	11.09	9.05	1	47	74,382	-	14.52	15.02	14.64
2016	35.42	33.78	30.59	36.16	1	40	65,498	-	14.29	15.95	15.86
2015	0.42	-0.83	-6.45	-6.75	1	30	68,819	-	-	-	-
2014	3.26	1.98	3.15	3.27	2	30	63,375	-	-	-	-

Data as of March 31, 2024. RMICV = Russell Microcap Value. BUSMICV = BW US Micro-Cap Value Index. Disclosure Notes: 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, 2022. 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 Microcap Equity Composite has had a performance examination for the periods July 1, 2018 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. Composite Description: The Microcap Equity Composite (the "Composite") inception date is December 31, 2005 and the Composite creation date is March 1, 2013. The Composite includes discretionary accounts invested in the firm's Microcap Equity strategy. This strategy invests in microcap stocks (typically consistent with the capitalization range of the Russell Microcap Index) that are considered undervalued and attractive by the team based on a combination of quantitative and fundamental factors and typically represents 50-100 different holdings. * The Composite originally existed as Domestic Microcap Equity, creation date 1/1/2006. All members terminated mid-December 2012, causing the Composite to temporarily close. New assets funded end of February 2013, causing the Composite to reopen with a new creation date of 3/1/2013. Since Inception figures are representative of the period beginning 3/1/2013 with the pre-break? record reflected separately. Per GIPS, performance from the two distinct periods is never linked. *Effective 01/01/2024 the primary benchmark changed to the Russell Microcap Value Index. Prior to the switch, the Brandywine US Micro-cap Value Index was the primary benchmark. Primary Benchmark Description: The Russell Microcap Value Index measures companies from the Russell Microcap Index that exhibit lower price to book and price to earnings ratios and lower forecasted growth values. Secondary Benchmark Description: The Brandywine US Micro-cap Value Index measures companies from the The Brandywine US Micro-cap Index that exhibit lower price to book and price to earnings ratios and lower forecasted growth values. 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. 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-fees returns is calculated using a model approach whereby we use the current highest tier of the appropriate strategy's fee schedule as disclosed in the Form ADV. 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-fees returns are used to calculate the presented risk measures. 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. Fee Schedule: The Institutional Client Separate Account Management Fee Schedule (minimum initial investment: \$10 million); 1.250% flat fee on all assets. Additional information on the Firm's fee schedule can be found in Form ADV Part 2A which is available upon request. **Past performance is no guarantee of future results.**

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Disclosures

- 1 The data represent the aggregate characteristics of all securities held in the respective Representative Portfolio, an actual commission account not subject to taxation, and are included for informational purposes only. The Portfolio Characteristics of any particular account may vary based on any investment restrictions applicable to that account.
- 2 Supplemental Information to the attached Microcap Equity GIPS report.
- 3 Portfolio calculation excludes negative earnings.

Source: Bloomberg (© 2024, Bloomberg Finance LP), which Brandywine Global believes to be accurate and reliable. Investing involves certain risks, including possible loss of principal. You should understand and carefully consider a strategy's objectives, risks, fees, expenses and other information before investing. In rendering portfolio management services, Brandywine Global Investment Management, LLC may use the portfolio management services, research and other resources of its affiliates. The views expressed in this document are not intended to be a recommendation or investment advice and do not take into account the individual financial circumstances or objectives of the investor who receives it. The securities described herein may not be suitable for all investors. There is no guarantee that Brandywine Global will meet any of its investment objectives. Individual securities mentioned are intended as examples of portfolio holdings and are not intended as buy or sell recommendations. Characteristics, holdings and sector weightings are subject to change and should not be considered as investment recommendations. There is no guarantee that holding securities with relatively high (or low) price-to-earnings, price-to-book or price-to-cash flow ratios will cause the portfolio to outperform its benchmark or index. Investments in small- and medium-capitalization companies may involve a higher degree of risk and volatility than investments in larger, more established companies. Small capitalization companies may present such risks as lack of product diversification, potentially insufficient capital resources and greater exposure to business and economic cycles. All indices are unmanaged and are not available for direct investment. Indices do not incur costs including the payment of transaction costs, fees and other expenses. This information should not be considered a solicitation or an offer to provide any Brandywine Global Investment Management, LLC service in any jurisdiction where it would be unlawful to do so under the laws of that jurisdiction. Stated assets under management may include some portfolios that are not contained in the strategy's composite. Some portfolios may fall into multiple strategies as the portfolio(s) meet the definition of multiple composites. Target Returns are aspirational in nature; criteria and assumptions were not used in their calculation. Performance results of the named strategy are presented gross and net of management fees. Gross performance returns include transaction costs but do not reflect the deduction of Brandywine Global's management fee. Net performance returns reflect the deduction of all applicable management fees and expenses, before custody charges, withholding taxes and other indirect expenses. Gross and net performance returns over one year are annualized and assume the reinvestment of all dividends, interest, and capital gains. Please refer to Part 2A of Brandywine Global's Form ADV for a description of its advisory fees. 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. The above are the views of Brandywine Global 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. Please refer to our GIPS® reports, which include performance footnotes, fee schedules, detailed index descriptions, and disclosures.

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