Global Alternative Credit

Strategy Profile

OBJECTIVE

The investment objective of the strategy is to generate income and capital gains. The portfolio seeks to both (1) earn positive annual inflation-adjusted returns and (2) outperform U.S. 3-month LIBOR plus 600 basis points over a complete economic cycle of several years.

UNIVERSE

The investable universe is global high yield corporate bonds rated below BBB- or Baa3 by at least one rating agency and non-agency mortgage-backed and other mortgage-related securities trading at distressed prices. The strategy may also consider investment in unrated securities deemed to be of comparable quality and may also take positions in bank loans, defaulted bonds and bank loans, investment-grade corporate bonds, U.S. Treasuries, credit default swaps, emerging market debt, equities (listed and unlisted), preferred stock, convertible securities, and currencies. In addition, the strategy may also utilize futures and take short positions in various investment instruments (including but not limited to equity index futures, bonds, etc.) to manage beta.

INVESTMENT PROCESS SUMMARY

Summary

Construction of the portfolio combines the Global Fixed Income team's macroeconomic strategy with the quantitative and fundamental sector and security selection analysis of the Global Credit team. Yield, option-adjusted spread, and expected total return adjusted for default probability are our primary measures of value. Thus, investments are typically concentrated in sectors and individual issuers deemed to offer the best total return potential.

Global High Yield

We apply our top-down global fixed income process when making global high yield investments. The top-down process establishes the cyclical quality bias of the portfolio. This macroeconomic perspective is combined and incorporated with our quantitative screens and fundamental analysis when constructing high yield portfolios. The cheapness of individual sectors and issuers is determined using these quantitative and qualitative credit tools. The subsequent portfolio will generally consist of high yield issues that we believe to be undervalued by the credit markets.

Securitized Securities

We assess value in an extensive two-stage process that considers both qualitative and quantitative analysis. Our analytical framework is focused in four primary areas: collateral analysis, deal structure analysis, performance analysis, and valuation. This analytical framework provides potential returns in a more distressed environment and determines the margin of safety relevant to the current price of the security.

Beta Overlay

Equity indices and other currency/credit strategies can augment directional risk exposures. Equity indices are exchange-traded, which provide more transparency and liquidity than over-the-counter agreements.

SELL DISCIPLINE

We follow a disciplined approach to sell decisions, with issues sold for two primary reasons — valuation and fundamental deterioration. An issue may be sold as it approaches our yield target and/ or another more compelling opportunity arises. Alternatively, an issue may be sold when the initial thesis is no longer valid and significant downside is likely.

OUR COMPETITIVE ADVANTAGE

The strategy seeks the best high yield opportunities around the globe while applying a disciplined macro-driven approach to risk management. Fundamental research and quantitative screens are an integral part of the bottom-up security selection process while top-down decisions establish the portfolio's quality, sector, country, and currency biases.

Brandywine GLOBAL
Brandywine Global Investment Management, LLC
2929 Arch Street, 8th Floor / Philadelphia, PA 19104

United States 800 348 2499 / 215 609 3500
Asia 65 6536 6213
Europe 44 (0) 207 786 6360
Toronto 416 860 0616
Montreal 514 789 4489

brandywineglobal.com

STRATEGY OVERVIEW

2Q 2016 | As of June 30, 2016

AT A GLANCE

- Portfolio construction combines the Global Fixed Income team macroeconomic strategy with the quantitative and fundamental sector and security selection analysis of the High Yield Credit and Mortgage team
- Yield, option-adjusted spread, and expected total return adjusted for default probability are our primary measures of value
- Portfolio normally consists of 40 to 70 positions
- Investments typically are concentrated in sectors and individual issuers we believe offer the best total return potential

TYPICAL INVESTMENT GUIDELINES

Security Type	Allocation
Global High Yield*	50%-100%
Securitized Securities	0%-50%
Other Investments	0%-50%
Short Overlay	+300% to -300%

CHARACTERISTICS [1]

	Global Alternative Credit
Average Quality	BB-
Average Effective Duration (Years)	6.36
Average Coupon (%)	3.70
Average Yield-to-Worst (%)	5.53
Average Yield to Maturity (%)	5.53
Number of Issues	58

QUALITY RATINGS (%) [1]

BBB or Higher	40.8
BB	4.5
B	32.0
CCC	13.1
CC-D	-
NR	9.7

REGION ALLOCATION (%) [1]

North & Central America	63.0
Eurozone	17.9
Europe Ex-Eurozone	7.2
Japan	-
Asia-Pacific Ex-Japan	2.6
South America	-
Middle East & Africa	-
Emerging Markets	8.2
Supranational	-
Other	1.2

ASSETS UNDER MANAGEMENT (M) (Shown in USD)

Brandywine Global, Firmwide	69,828
Fixed Income Product Group	54,673
Global Alternative Credit	681

ANNUALIZED RETURNS (%) (Results shown in USD)

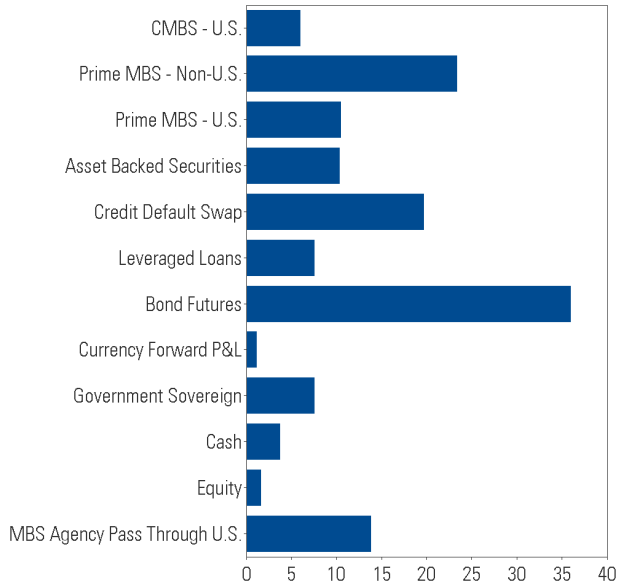
	Gross	Net	USL600	BGHY
QTD	0.55	0.24	1.62	4.43
YTD	0.27	- 0.35	3.26	8.73
1 Year	- 3.79	- 4.99	6.50	3.76
3 Year	4.36	2.90	6.32	4.35
5 Year	7.92	6.28	6.34	5.70
Since Inception	14.30	12.54	6.34	7.01

Inception Date: 9/1/2010

CALENDAR YEAR RETURNS (%) (Results shown in USD)

	Gross	Net	USL600	BGHY
2016	0.27	- 0.35	3.26	8.73
2015	- 4.01	- 5.21	6.31	- 2.72
2014	11.35	9.71	6.23	0.01
2013	9.00	7.12	6.27	7.33
2012	20.23	18.17	6.44	19.60
2011	19.91	17.86	6.34	3.12
2010	29.56	28.85	2.06	6.07

SECTOR WEIGHTS (%) [1]



Past performance is no guarantee of future results.

LEAD PORTFOLIO MANAGERS

REGINA BORROMEO[2] PORTFOLIO MANAGER AND HEAD OF INTERNATIONAL HIGH YIELD

Regina is a portfolio manager and head of international high yield. Regina joined Brandywine Global Investment Management (Europe) Limited in December 2010, bringing with her 10 years of investing experience. Previously, she was a Vice President - Portfolio Manager and Senior Credit Analyst, Global Fixed Income with Morgan Stanley Investment Management PLC in London (2007-2010) and held various fixed income analyst positions with Morgan Stanley Investment Management in Philadelphia (2001-2007). She earned her Bachelor of Arts in Communications from the University of Pennsylvania and accomplished numerous athletic achievements in squash and tennis, including winning a bronze medal as a member of the Philippine National Squash team in the 1999 and 2005 South East Asian Games. Regina is based in London.

TRACY CHEN, CFA, CAIA PORTFOLIO MANAGER AND HEAD OF STRUCTURED CREDIT

As a portfolio manager and head of structured credit, Tracy is responsible for conducting credit analysis on mortgage-backed and other structured securities, with special emphasis on collateralized mortgage obligations (CMOs), collateralized loan obligations (CLOs), and other structured products. She also monitors and analyzes the investment merits of global corporate debt issues. She joined the Firm in August 2008. Prior to joining Brandywine Global, she was with UBS Investment Bank as director of the fixed income valuation group (2006-2008), GMAC Mortgage Group as a mortgage pricing analyst (2003-2006), Deloitte Consulting as a senior corporate strategy consultant (2001-2003), and J&A Securities Ltd. in Shenzhen, China as an international corporate finance associate (1995-1999). Tracy earned an MBA with a concentration in Finance from Kenan-Flagler Business School at the University of North Carolina, an M.A. in American Studies from Sichuan University in Chengdu, China, and a B.A. in English for Scientific Purposes from University of Electronic Science & Technology of China in Chengdu, China. Tracy is a CFA® charterholder and earned the Chartered Alternative Investment Analyst (CAIA) charter in 2010. She was also published in the Spring 2007 edition of The Journal of Structured Finance.

GERHARDT (GARY) P. HERBERT, CFA PORTFOLIO MANAGER AND HEAD OF GLOBAL CREDIT

Gary is a portfolio manager and head of global credit. Gary joined Brandywine Global in March 2010, bringing with him over 20 years of high yield experience. Previously, Gary was a Managing Director, Portfolio Manager with Guggenheim Partners, LLC (2009-2010); a Managing Director, Portfolio Manager with Dreman Value Management, LLC (2007-2009); and an Executive Director, Portfolio Manager (1999-2007) and Associate (1994-1998) with Morgan Stanley Investment Management. Gary earned his M.B.A. with Honors from Columbia University, and a Bachelor Degree from Villanova University. He also holds his Chartered Financial Analyst certification and is a member of the Philadelphia Scholars Program Investment Committee.

BRIAN L. KLOSS, JD, CPA PORTFOLIO MANAGER AND HEAD OF HIGH YIELD

Brian is a portfolio manager and head of high yield. Brian joined Brandywine Global in December 2009, bringing with him over 10 years of high yield and distressed debt experience. Previously, Brian was co-portfolio manager at Dreman Value Management, LLC (2007-2009); high yield analyst/trader at Gartmore Global Investments (2002-2007); high yield and equity portfolio manager and general analyst at Penn Capital Management, Ltd. (2000-2002); an analyst with The Concord Advisory Group, Ltd. (1998-2000); and an international tax consultant with Deloitte & Touche LLP (1995-1998). Brian earned his J.D. from Villanova School of Law and graduated summa cum laude with B.S. in Accounting from University of Scranton. He is also a member of the New Jersey and Pennsylvania Bar and is a Pennsylvania Certified Public Accountant.

INVESTMENT TEAM

MICHAEL ARNO, CFA RESEARCH ANALYST

Mike is a research analyst on the Global Credit team. He is responsible for providing credit research analysis and support. He joined Brandywine Global as a product specialist within client service in 2006 and has been a member of the Global Credit team since April 2011. Prior to joining Brandywine Global in 2006, Mike was an associate for the Vanguard Group (2004-2006). A CFA® charterholder, he earned a B.S. in Finance from Temple University.

ALBERTO J. BOQUIN, CFA RESEARCH ANALYST

Alberto Boquin is a research analyst on the Global Fixed Income team. Prior to joining Brandywine Global in 2016, Alberto was a global currency strategist at J.P. Morgan Asset Management. Previously, he worked as a Latin America fixed income strategist at Bank of America Merrill Lynch. Alberto earned his B.A. in Ethics, Politics, and Economics from Yale University and is a CFA® charterholder.

J. PATRICK BRADLEY SENIOR VICE PRESIDENT, INVESTMENT RESEARCH

As a Senior Vice President of the Firm's Global Fixed Income and related strategies, Patrick provides valuable analytical and strategic insight. Patrick joined the Firm in June 2005. Previously, he was senior director of institutional client strategy with SEI Investments (2000-2005), Director of Research and Investment Strategy of Mercantile Safe-Deposit & Trust Company (1997-2000), and director of research for PNC Financial (1981-1997). Patrick earned an M.A. in Urban Economics, an M.A. in Economics, and a B.S. in Political Science from the University of Delaware.

DAVID F. HOFFMAN, CFA — MANAGING DIRECTOR & PORTFOLIO MANAGER

David is co-lead portfolio manager for the Firm's Global Fixed Income and related strategies. He joined the Firm in 1995. Previously, David was president of Hoffman Capital, a global financial futures investment firm (1991-1995); head of fixed income investments at Columbus Circle Investors (1983-1990); senior vice president and portfolio manager at INA Capital Management (1979-1982), and fixed income portfolio manager at Provident National Bank (1975-1979). David is a CFA® charterholder and earned a B.A. in Art History from Williams College. He is a member of the Firm's Executive Board, currently serving as the Board's chair.

JACKIE HUANG — GLOBAL MACRO RESEARCH ASSOCIATE

As a global macro research associate, Jackie provides support to Francis Scotland and Chen Zhao, co-directors of macroeconomic research. Prior to joining the Firm in June 2015, she held multiple positions within BCA Research in Montreal, Canada. Most recently, Jackie was a senior analyst with a focus on Emerging Markets Strategy (2006-2015). She earned a B.A. in Economics from the University of Massachusetts, a B.A. in English Language and Literature from Xiamen University, and a Graduate Diploma as part of the Advanced Interpreter Education Program from Simon Fraser University.

RENATO LATINI, CFA — RESEARCH ANALYST

Renato is a high yield research analyst on the Global Credit team. He is responsible for providing global macro and credit research analysis and support. Renato joined Brandywine Global in 2006 as a trader for the Firm's Global Fixed income and related strategies. Prior to joining Brandywine Global in 2006, Renato was an investment analyst at Watson Wyatt Investment Consulting (2004-2006). He is a CFA® charterholder and earned a B.A. in Physics and Economics from the University of Pennsylvania.

RICHARD LAWRENCE — SENIOR VICE PRESIDENT, PORTFOLIO MANAGEMENT

Richard's role on the Global Fixed Income team includes portfolio implementation, research and communicating details of our investment strategies to clients, prospects and consultants. Previously, Richard managed Brandywine Global's institutional client service function, maintaining and enhancing relationships with institutional clients, specializing in Global Fixed Income and related strategies. Richard joined the Firm in April 2005. Previously, he served in a variety of roles at Goldman Sachs Asset Management (1994-2004). Richard also has worked for Booz Allen Hamilton, Inc. (1992-1994), Salomon Brothers (1987-1992), Acsis, Inc. (1986-1987), and Hoskyns Group (1985-1986). He earned a B.Sc. with first-class honors in Computer Science from the University of Westminster in London.

CAROL LYE — REGIONAL PORTFOLIO MANAGER

As a Regional Portfolio Manager, Carol conducts macroeconomic research and analysis with a focus in the Asia Pacific region for the Firm's fixed income strategies. Additionally she is responsible for communicating details and presenting our investment strategies to clients, prospects and consultants in Asia. She joined the Firm in October 2008 as a fixed income research analyst and is based out of the office of Brandywine Global Investment Management (Asia) Pte., Ltd. in Singapore. Previously, she served as an economist with the Monetary Authority of Singapore where she analyzed domestic and external economies (2007-2008). She was also a summer analyst with the fixed income capital market division of Goldman Sachs in London (2006). Carol earned an MSC in Finance and Economics from the University of Warwick in the United Kingdom and a BSc in Economics from the National University of Singapore.

JACK P. MCINTYRE, CFA — PORTFOLIO MANAGER

Jack is a portfolio manager for the Firm's Global Fixed Income and related strategies. He joined the Firm in 1998. Previously, he held positions as market strategist with McCarthy, Crisanti & Maffei, Inc. (1995-1998); senior fixed income analyst with Technical Data, a division of Thomson Financial Services (1992-1995); quantitative associate with Brown Brothers Harriman & Co. (1990), and investment analyst with the Public Employee Retirement Administration of Massachusetts (1987-1989). Jack is a CFA® charterholder and earned an M.B.A. in Finance from the Leonard N. Stern Graduate School of Business at New York University and a B.B.A. in Finance from the University of Massachusetts, Amherst.

DOROTHEE RAINIS — RESEARCH ANALYST

Dorothee Rainis is a research analyst on the Global Fixed Income team. Prior to joining Brandywine Global in 2016, Dorothee held the positions of special situations analyst at VDM Capital, investment associate at Oryx Capital, and macroeconomics analyst at Ethna Capital Management, all in Switzerland. She has passed the first levels of the CFA® and CAIA exams. Dorothee received her M.S. in Mathematics and Computer Science from the University of Tuebingen (Germany), a Master's in Corporate Finance from SDA Bocconi (Italy), and an M.B.A. with a major in Finance from The Wharton School of the University of Pennsylvania.

ANUJEET SAREEN, CFA — PORTFOLIO MANAGER

Anujeet Sareen is a portfolio manager for the Firm's Global Fixed Income and related strategies. Prior to joining the Firm in 2016, Anujeet was a managing director of global fixed income and a global macro strategist, as well as chair of the Currency Strategy Group at Wellington Management in Boston. Over his 22-year career at Wellington, he held a variety of roles while cultivating extensive fixed income and currency management experience. Anujeet is a CFA® charterholder and earned a B.A. in Computer Science from Brown University.

FRANCIS A. SCOTLAND CO-DIRECTOR OF GLOBAL MACRO RESEARCH, PORTFOLIO MANAGER OF GLOBAL MACRO STRATEGY

Francis joined the firm in 2006 and has developed a proprietary global macroeconomic research structure to support the fixed-income group's investment process. In addition to his extensive contribution to the Global Macro strategy, he provides investment ideas and strategic asset allocation recommendations for our firm's global fixed-income and hedge fund products. From 1984 until 2005, Francis was a principal of the BCA Research Group ('BCA'), formerly the Bank Credit Analyst, and head of global investment strategy. BCA is well known in the investment community for providing high quality and independent top-down macro forecasts and investment strategy. In addition to his strategist's role, he drove product development at the firm and contributed to its growth until the firm was sold in 2001. In the final three years at BCA, Francis was Editor-in-Chief of all the firm's investment research products. He spent several years in the policy departments of the Bank of Canada in the early 1980s working in the areas of monetary, economic and financial analysis. Francis has a Master's degree in Economics from the University of Western Ontario in London, Canada and an Honors BA in Economics from Queen's University in Kingston, Canada. He has lectured at a variety of economic, financial and investment conferences/seminars across North America, Asia and Europe and has written several editorials and essays for a range of financial publications including the Financial Times of London.

STEPHEN S. SMITH MANAGING DIRECTOR & PORTFOLIO MANAGER

Steve is co-lead portfolio manager for the Firm's Global Fixed Income and related strategies. He is a member of the Firm's Executive Board. He joined the Firm in 1991 to diversify the Firm's investment strategies and start the global fixed income product. Previously, Steve was with Mitchell Hutchins Asset Management, Inc. as managing director of taxable fixed income (1988-1991); Provident Capital Management, Inc. as senior vice president overseeing taxable fixed income (1984-1988); Munsch & Smith Management as a founding partner (1980-1984), and First Pennsylvania Bank as vice president and portfolio manager in the fixed income division (1976-1980). Steve earned a B.S. in Economics and Business Administration from Xavier University, where he is currently chair of the university's investment and plant & building committees, a member of the executive committee, and serves on the board of trustees. Steve is also a member of the board of trustees at the Winterthur Museum & Country Estate, a nonprofit, educational institution.

MIN TIAN GLOBAL MACRO RESEARCH ASSOCIATE

As a global macro research associate, Min provides support to Francis Scotland and Chen Zhao, co-directors of macroeconomic research. Min maintains a financial/economic database and internal website, which are used to support research tasks as well as respond to research requests from members of the Global Fixed Income team. Min joined the Firm in October 2006. Previously, she worked as a data analyst for the Bank of New York (2006) and as a research assistant for the University of Delaware (2005-2006). Min earned a M.S. in Agricultural Economics from the University of Delaware and a B.S. in Pharmacy from West China University of Medical Science.

WILLIAM VAUGHAN[2] JUNIOR RESEARCH ANALYST

William is a junior research analyst on the Global Credit team. He joined the firm in June 2015 and is based out of the office of Brandywine Global Investment Management (Europe) Ltd. in London. Previously, he was a European high yield analyst with Crédit Agricole Corporate & Investment Bank in London (2013-2015). William has also worked for Deutsche Bank Securities (New York)(2011-2012). He earned his M.Sc. in Carbon Management and Economics from the University of Edinburgh Business School and his B.Sc. in Environmental Geoscience from Durham University. He holds the UK Investment Management Certificate (IMC) and is a member of the CFA® Society of the United Kingdom.

CHEN ZHAO CO-DIRECTOR OF GLOBAL MACRO RESEARCH

Chen joined the firm in 2015 as Co-Director of Global Macro Research and jointly leads the proprietary global macroeconomic research process. His guidance in shaping macroeconomic research has also led to a prolific career as a preeminent industry thought leader. From 1992 until 2015, Chen was the Managing Editor and Chief Global Strategist at the BCA Research Group ('BCA') where he led and directed the firm's global investment research and strategy. BCA is well known in the investment community for providing high quality and independent top-down macro forecasts and investment strategy. Prior to BCA, he was a professor at Beijing's Central University of Finance and Economics and also served as a senior advisor to several government organizations in the People's Republic of China. Chen's experience in Chinese academia and government from 1982-1988 was integral to his success in launching the BCA China Investment and Emerging Markets strategies during his tenure. Chen holds an M.A. in Economics from the Central Institute of Finance and Banking in Beijing and pursued postgraduate studies at McGill University from 1990-1992 and the University of Illinois at Champaign-Urbana during 1988 and 1990.

TRADERS

DARREN P. CLIPSTON, CFA TRADER

Darren Clipston is a trader on the Global Fixed Income team. Darren joined Brandywine Global in 2016, coming from Radcliffe Capital Management where he served as head trader and as a credit analyst covering the metals, mining, and industrial sectors. Previously, he held positions at Tallis Capital Management, Drake Management, LLC, Sagamore Hill Capital Management, Greenwich Capital Markets, and RFC Ambrian. He earned an M.A. in Mathematics from Columbia University in addition to bachelor's degrees in Electrical Engineering and Commerce in Operations Research, both from the University of Western Australia. Darren is a CFA® charterholder.

TRAVIS CRUMLEY TRADER

Travis is a trader for the Firm's Global Fixed Income and related strategies. Prior to joining the trading group in June 2008, he provided quantitative and fundamental analysis and support as a fixed income client service associate. His additional experience within the industry includes serving as funds investor services assistant with Legg Mason (2004-2005). Travis earned a B.A. in Communications from the University of Delaware. He is also commercially licensed and instrument rated by the Federal Aviation Administration to operate single and multi engine aircraft.

DENNIS W. DOW HEAD TRADER, FIXED INCOME

Dennis is the head trader for the Firm's Global Fixed Income and related strategies. He joined Brandywine Global in 2000. Previously, Dennis was with Merrill Lynch Asset Management as vice president and portfolio manager (1992-1999). He earned a B.A. in Accounting, with a concentration in Finance, from Rutgers University School of Business.

KRISTEN MUGAN TRADER

Kristen is a trader for the Firm's Global Fixed Income and related strategies. Before joining the trading group in August 2010, she was a staff accountant responsible for account reconciliation, revenue calculation, and financial statement analysis. Prior to joining the Firm in 2007, she was a staff accountant with Popular Financial Holdings and the Borgata Hotel, Casino & Spa. Kristen earned a M.S. in Financial Services from Saint Joseph's University and a B.S. in Business Studies: Corporate Accounting from The Richard Stockton College of New Jersey.

JOFFRE C. WELLS TRADER

Joffre is a trader for the Firm's Global Fixed Income and related strategies. Prior to joining the trading desk in May 2013, he supported the Global Fixed Income team as a senior portfolio compliance associate (2012-2013). He previously served as a global rates trader (2007-2011) and portfolio compliance analyst (2003-2006) with BlackRock and a technology consultant with the Chubb Group of Insurance Companies (2000-2003). Joffre earned an MBA in Investment Management & Management Information Systems from Drexel University, an M.S. in Finance from Drexel University, and a BBA in Finance from Temple University.

ANNUALIZED RETURNS (%) (Results shown in USD)

	Gross	Net	USL600	BGHY
QTD	0.55	0.24	1.62	4.43
YTD	0.27	- 0.35	3.26	8.73
1 Year	- 3.79	- 4.99	6.50	3.76
3 Year	4.36	2.90	6.32	4.35
5 Year	7.92	6.28	6.34	5.70
Since Inception	14.30	12.54	6.34	7.01

Inception Date: 9/1/2010

GIPS INFORMATION (%, Unless Otherwise Noted) (Results shown in USD)

	Gross	Net	USL600	BGHY	# of Accounts	Market Value (M)	Total Firm Assets (M)	Composite Dispersion	Composite Rolling 3Y SD	USL600 Rolling 3Y SD	BGHY Rolling 3Y SD
2016	0.27	- 0.35	3.26	8.73	4	642	69,828	-	4.17	0.04	6.19
2015	- 4.01	- 5.21	6.31	- 2.72	4	918	68,819	-	4.18	0.02	5.68
2014	11.35	9.71	6.23	0.01	3	837	63,375	-	4.21	0.03	5.90
2013	9.00	7.12	6.27	7.33	1	48	50,050	-	4.79	0.03	7.90
2012	20.23	18.17	6.44	19.60	1	34	42,894	-	-	-	-
2011	19.91	17.86	6.34	3.12	1	4	33,122	-	-	-	-
2010	29.56	28.85	2.06	6.07	1	3	31,996	-	-	-	-

USL600 = US 3M LIBOR + 600bps BGHY = Barclays Global High Yield Index

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: The Global Alternative Credit Composite (the "Composite") Inception date: September 1, 2010. Creation date: September 1, 2010. The Composite includes all fully discretionary, fee-paying, actively managed Global Alternative Credit accounts with no composite minimums. The investable universe is generally comprised of high yield corporate bonds rated below BBB- or Baa3 by at least one rating agency and non-agency mortgage-backed and other mortgage related securities that are trading at distressed prices The Strategy may also consider investment in unrated securities deemed to be of comparable quality, and may also take positions in bank loans, defaulted bonds and bank loans, investment grade corporate bonds, US Treasuries, credit default swaps, emerging market debt, equities (listed and unlisted), preferred stock, convertible securities, and currencies. In addition, the Strategy may also utilize futures, leverage, and take short positions in various investment instruments (including but not limited to equity index futures, equities, bonds, loans, CDS, etc.) to manage the beta and directionality of the portfolio. The portfolios are typically invested in 20-50 securities. Benchmark: London-Interbank Offered Rate (LIBOR) - British Bankers Association Fixing for US Dollar. The rate is an average derived from the quotations provided by the banks determined by the British Bankers' Association. BBA USD LIBOR is calculated on an ACT/360 basis and for value for two business days after the fixing. An annual return of 6.00% is then added to the return.The Barclays Capital Global High-Yield Index provides a broad-based measure of the global high-yield fixed income markets. The Global High-Yield Index represents that union of the U.S. High-Yield, Pan-European High-Yield, U.S. Emerging Markets High-Yield, CMBS High-Yield, and Pan-European Emerging Markets High-Yield Indices. 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 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: $50 million): 1.250% flat fee on all assets or 1.000% base fee on market value and performance fee equal to the portfolio return minus 1% times 10%. Any 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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FOOTNOTES & DISCLOSURES

USL600 = US 3M LIBOR + 600bps BGHY = Barclays Global High Yield Index

* High Yield Debt consists of nonsovereign investments with below investment grade ratings (below BBB- or the equivalent) assigned by all NRSROs that provide such a rating. NRSRO means one of the following Nationally Recognized Statistical Rating Organizations: Standard and Poor's Ratings Services, Moody's Investor Service, Inc., and Fitch, Inc. Ratings categories for country/currency are determined by the local currency long-term debt ratings assigned by NRSROs.

1. The data represent the aggregate characteristics of all securities held in the Representative Portfolio, an actual commission account not subject to taxation, and is included for informational purposes only. The Portfolio Characteristics of any particular account may vary based on any investment restrictions applicable to that account.
2. Employee Brandywine Global Investment Management (Europe) Limited. In rendering portfolio management services, Brandywine Global Investment Management, LLC may use the portfolio management services, research and other resources of its affiliates.

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