

**Fresno County Employees
Retirement Association**

Global Investment-Grade
Sovereign Fixed Income

Third Quarter 2017

Presented by:

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Agenda

Firm Update

Performance & Attribution

Current Portfolio Positioning

4th Quarter 2017 Global Macro Outlook

Appendices

Disclosures

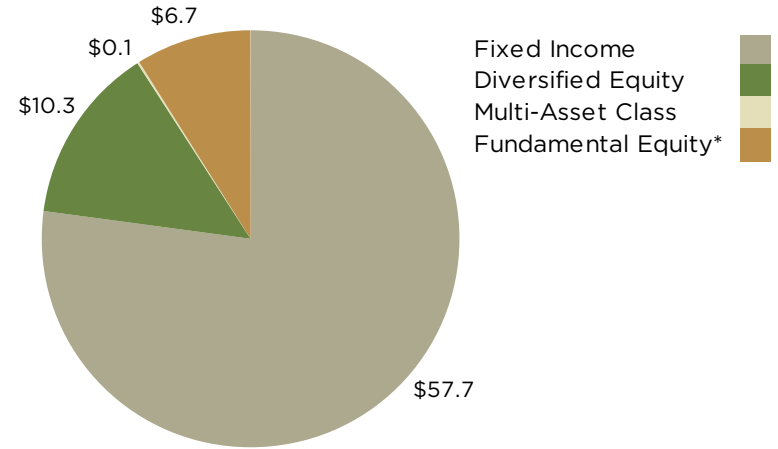
Firm Overview

As of 9/30/2017

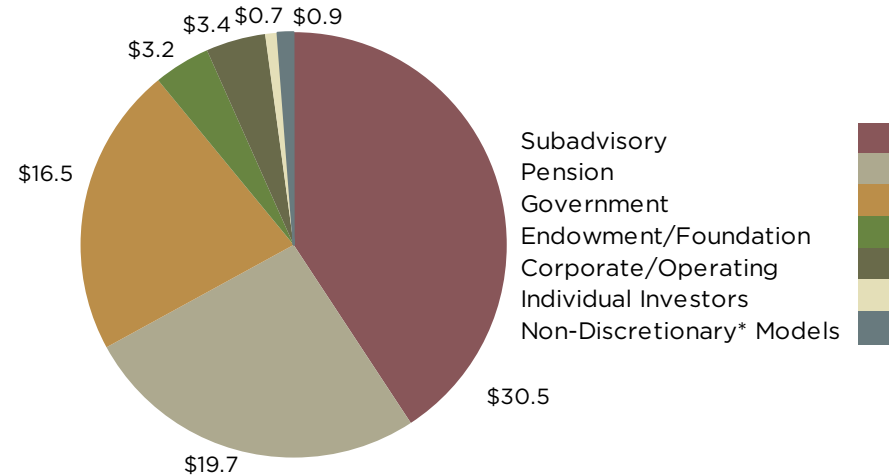
Brandywine Global¹ is a mid-sized boutique investment firm founded in 1986

- Independent subsidiary of Legg Mason, Inc. Brandywine Global operates as a fully autonomous entity, with complete control over investments, hiring, and compensation.
- \$74.8* billion in assets in equity and fixed income strategies, which all focus on capturing value anomalies.
- Headquartered in Philadelphia, PA, with 254 employees worldwide, we maintain a culture of partnership and teamwork.
- Signatory of the United Nations-supported Principles for Responsible Investment (PRI).
- Office locations in San Francisco, Montreal, Toronto, Singapore, and London².

Assets Under Management (by strategy type; USD billions)



Assets Under Management (by client type; USD billions)

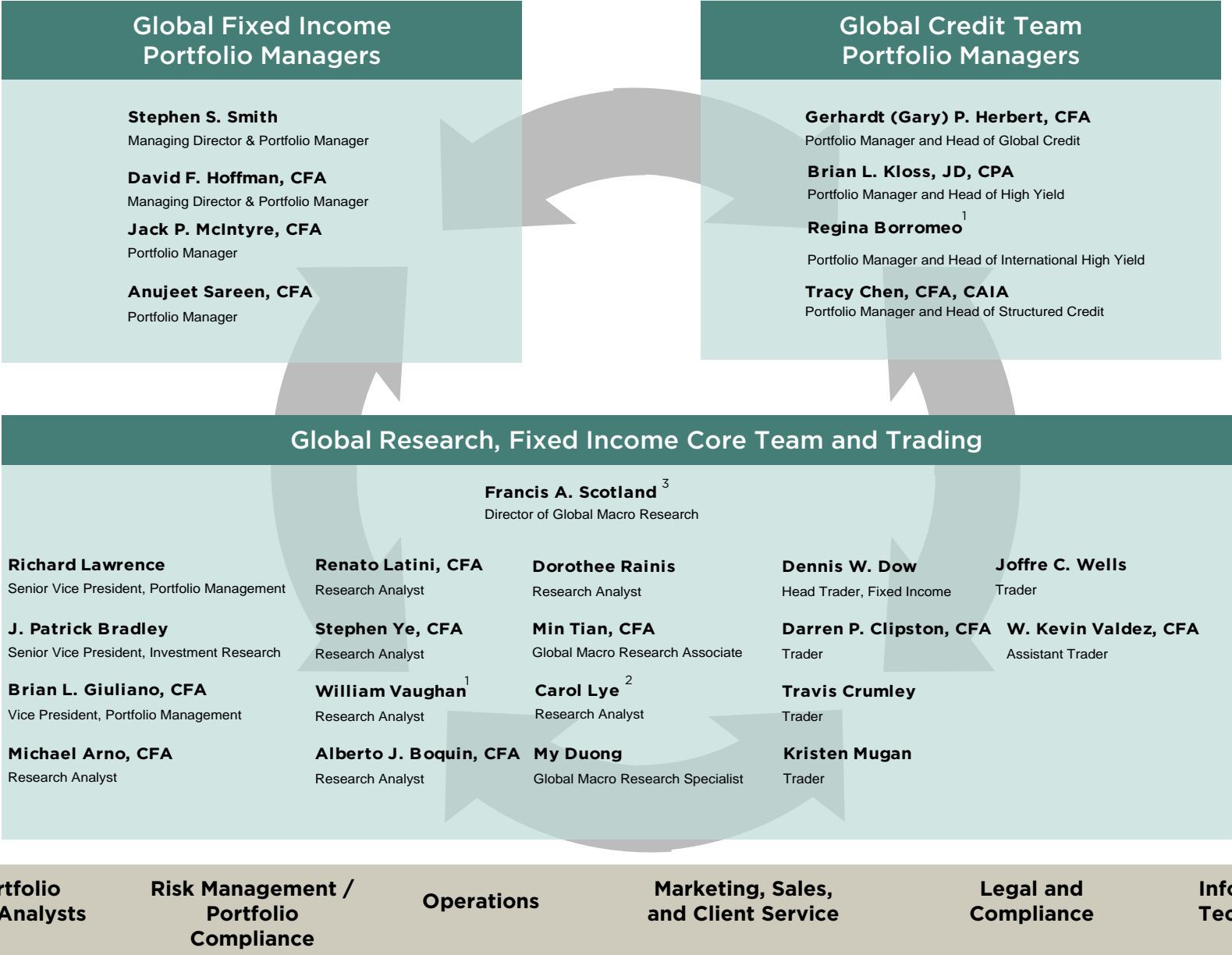


*Includes Fundamental non-discretionary assets of \$0.9 bn reported on a one-month lag.

¹Brandywine Global Investment Management, LLC

²Brandywine Global Investment Management (Canada), ULC; Brandywine Global Investment Management (Asia) Pte. Ltd.; Brandywine Global Investment Management (Europe) Limited is authorized and regulated by the Financial Conduct Authority (the "FCA"). (FRN 472774). Registered in England and Wales, No. 06324517³ 4001

Key Fixed Income Professionals



¹ Employee of Brandywine Global Investment Management (Europe) Limited
² Employee of Brandywine Global Investment Management (Asia) Pte. Ltd.
³ Employee of Brandywine Global Investment Management (Canada), ULC

Performance Summary

	Sep 2017	Third Quarter	YTD 2017	1 Year	Since Inception* (1/31/2015)
Fresno County Employees Retirement Association (Gross)	-0.55%	3.08%	12.83%	5.71%	2.16%
Citigroup WGBI (USD)	-1.20%	1.81%	6.38%	-2.69%	1.67%

* Periods greater than one year are annualized.

Portfolio Composition

	Market Value	% of Total
Bonds	236,848,176	77.77%
Cash and Cash Equivalents	65,082,387	21.37%
Accrued Interest	2,467,600	0.81%
Currency Derivatives P/L	149,712	0.05%
Total	304,547,876	100.00%

The information contained in this report is preliminary and may be subject to change pending full reconciliation of the portfolio with the custodian bank. Performance results are presented gross of management fees and include the reinvestment of all income. Gross returns are net of transaction costs only and do not include management fees that may be applied to the portfolio. Past performance is not a guarantee of future results. Please compare the information in this report with the information received from your custodian and contact any member of your Brandywine Global team or call your custodian if you have any questions or concerns.

Cash and Cash Equivalents includes spot cash and investment-grade securities with maturity dates of 365 days or less.

Global Investment-Grade Sovereign Fixed Income

12/30/2016 - 9/30/2017

Benchmark: Citigroup WGBI (USD)

SUMMARY	PORTFOLIO CONTRIBUTION	-	BENCHMARK CONTRIBUTION	=	ATTRIBUTION
TOTAL ⁽¹⁺²⁺³⁾	12.83		6.38		6.45
BOND MARKET ¹	3.76		1.28		2.49
CURRENCY ²	9.39		5.10		4.28
RESIDUAL ³	(0.32)		0.00		(0.32)

LARGEST RELATIVE CONTRIBUTORS AND DETRACTORS+

BOND MARKET	PORTFOLIO CONTRIBUTION	-	BENCHMARK CONTRIBUTION	=	ATTRIBUTION
Mexico	1.07		0.03		1.04
Indonesia	0.64		0.00		0.64
Brazil	0.56		0.00		0.56
Poland	0.28		0.02		0.26
Japan	0.00		0.14		(0.14)
Malaysia	0.12		0.01		0.11
Australia	0.13		0.02		0.11
Supranational	0.10		0.00		0.10
Italy	0.00		0.08		(0.08)
Spain	0.00		0.08		(0.08)

CURRENCY	PORTFOLIO CONTRIBUTION	-	BENCHMARK CONTRIBUTION	=	ATTRIBUTION
Euro	0.39		3.40		(3.01)
Mexican Peso	2.37		0.12		2.25
Polish Zloty	0.95		0.07		0.88
Australian Dollar	0.80		0.15		0.65
British Pound Sterling	1.10		0.45		0.65
Swedish Krona	0.67		0.04		0.63
Brazilian Real	0.61		0.00		0.61
Norwegian Krone	0.58		0.02		0.57
Japanese Yen	0.15		0.61		(0.46)
Indian Rupee	0.42		0.00		0.42

+ Sorted by absolute value of attribution; Contributors and Detractors do not sum to total excess

1 Bond Market factor includes Yield, Duration, Term Structure, Convexity, Sector and Quality positioning, Mortgage Pre-payments, Corporate Credit curve twists, Euro country positioning versus the German Yield Curve, and Selection

2 Currency factor includes spot and forwards (including carry), implied Hedge Cost, and Interaction

3 Residual factor includes transaction based returns versus a holdings based attribution model

* Performance return is reported gross of fees. Due to methodology differences, the returns calculated by the attribution system may differ from the official portfolio and benchmark returns displayed at the top of the page. **This material is intended for the sole use of Brandywine Global clients and their investment consultants. Contents herein should be treated as confidential and proprietary information.** This material may not be reproduced or used in any form or medium without express written permission. Data is obtained through Wilshire Axiom and is believed to be accurate. **Past performance is no guarantee of future results.**

Global Investment-Grade Sovereign Fixed Income

9/30/2016 - 9/30/2017

Benchmark: Citigroup WGBI (USD)

SUMMARY	PORTFOLIO CONTRIBUTION	-	BENCHMARK CONTRIBUTION	=	ATTRIBUTION
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TOTAL ⁽¹⁺²⁺³⁾	5.71		(2.69)		8.40
BOND MARKET ¹	0.44		(1.75)		2.19
CURRENCY ²	5.57		(0.95)		6.52
RESIDUAL ³	(0.30)		0.01		(0.31)

LARGEST RELATIVE CONTRIBUTORS AND DETRACTORS+

BOND MARKET	PORTFOLIO CONTRIBUTION	-	BENCHMARK CONTRIBUTION	=	ATTRIBUTION
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United States Tsy-Sov	0.36		(0.52)		0.89
Mexico	(0.63)		(0.02)		(0.61)
Brazil	0.50		0.00		0.50
Indonesia	0.26		0.00		0.26
Japan	0.00		(0.23)		0.23
United Kingdom	0.03		(0.19)		0.22
France	0.01		(0.17)		0.18
Australia	(0.21)		(0.05)		(0.16)
Italy	0.00		(0.16)		0.16
Germany	0.00		(0.15)		0.15

CURRENCY	PORTFOLIO CONTRIBUTION	-	BENCHMARK CONTRIBUTION	=	ATTRIBUTION
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Japanese Yen	0.14		(2.54)		2.68
Mexican Peso	1.62		0.08		1.54
Euro	0.31		1.16		(0.85)
Brazilian Real	0.74		0.00		0.74
Polish Zloty	0.57		0.03		0.54
South African Rand	0.46		0.03		0.43
Indian Rupee	0.38		0.00		0.38
British Pound Sterling	0.45		0.13		0.32
Australian Dollar	0.28		0.06		0.22
Swedish Krona	0.23		0.01		0.22

+ Sorted by absolute value of attribution; Contributors and Detractors do not sum to total excess

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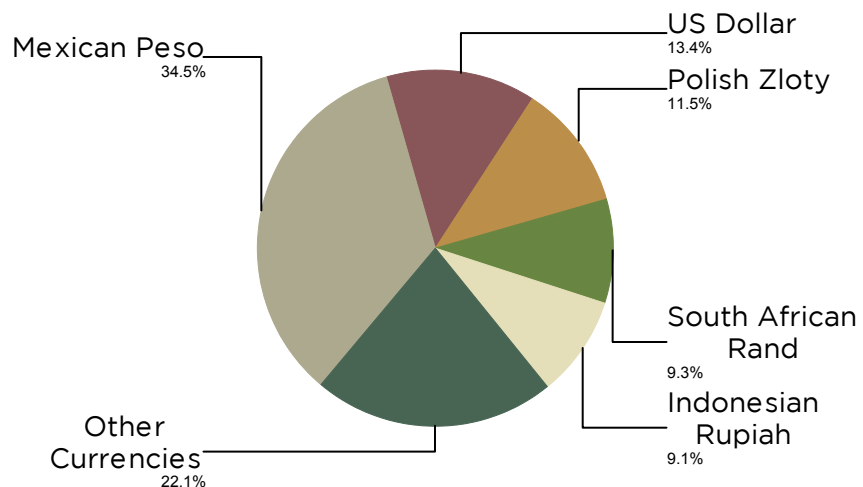
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Global Investment-Grade Sovereign Fixed Income

September 30, 2017

Source of Portfolio Duration by Currency Denomination



Duration Contribution by Currency

(in Years)

Currency	9/30/2017				12/31/2016	
	0-3	>3-10	>10-20	>20+	Total	Total Change
Mexican Peso	-	-	0.37	0.95	1.32	0.12
US Dollar	0.03	-	-	0.49	0.51	(0.97)
Polish Zloty	0.03	0.41	-	-	0.44	0.19
South African Rand	-	0.01	-	0.35	0.36	(0.11)
Indonesian Rupiah	-	-	0.31	0.04	0.35	(0.00)
Malaysian Ringgit	-	0.22	0.08	-	0.30	0.12
Brazilian Real	-	0.26	-	-	0.26	(0.00)
Australian Dollar	0.03	0.15	-	-	0.18	(0.29)
New Turkish Lira	-	0.05	-	-	0.05	0.05
British Pound Sterling	0.05	-	-	-	0.05	(0.05)
Hungarian Forint	-	-	-	-	-	(0.28)
New Zealand Dollar	-	-	-	-	-	(0.15)
Total	0.14	1.10	0.76	1.83	3.83	(1.38)

Duration Contribution by Country

vs. Citigroup WGBI (USD)

(In Years)

Country	9/30/2017				12/31/2016			
	0-3	>3-10	>10-20	>20+	Total	Index	Active	Total Change
Japan	-	-	-	-	-	2.03	(2.03)	-
United States	0.00	-	-	0.49	0.49	2.09	(1.60)	(0.95)
Mexico	-	-	0.37	0.95	1.32	0.04	1.28	0.12
France	0.00	-	-	-	0.00	0.65	(0.65)	(0.00)
United Kingdom	0.05	-	-	-	0.05	0.69	(0.64)	(0.05)
Italy	-	-	-	-	-	0.53	(0.53)	-
Germany	-	-	-	-	-	0.43	(0.43)	-
Poland	0.03	0.41	-	-	0.44	0.02	0.42	0.19
Indonesia	-	-	0.31	0.04	0.35	-	0.35	(0.00)
South Africa	-	0.01	-	0.35	0.36	0.03	0.33	(0.11)
Spain	-	-	-	-	-	0.32	(0.32)	-
Malaysia	-	0.22	0.08	-	0.30	0.02	0.28	0.12
Brazil	-	0.26	-	-	0.26	-	0.26	(0.00)
Belgium	-	-	-	-	-	0.19	(0.19)	-
Netherlands	0.00	-	-	-	0.00	0.14	(0.14)	(0.00)
Austria	-	-	-	-	-	0.11	(0.11)	-
Canada	-	-	-	-	-	0.11	(0.11)	-
Australia	0.03	0.15	-	-	0.18	0.11	0.07	(0.29)
Turkey	-	0.05	-	-	0.05	-	0.05	0.05
Denmark	-	-	-	-	-	0.04	(0.04)	-
Ireland	-	-	-	-	-	0.04	(0.04)	-
Finland	-	-	-	-	-	0.03	(0.03)	-
Sweden	-	-	-	-	-	0.02	(0.02)	(0.01)
Singapore	-	-	-	-	-	0.02	(0.02)	-
Supranational	0.01	-	-	-	0.01	-	0.01	(0.01)
Switzerland	-	-	-	-	-	0.01	(0.01)	-
Norway	0.00	-	-	-	0.00	0.01	(0.01)	(0.00)
Hungary	-	-	-	-	-	-	-	(0.28)
New Zealand	-	-	-	-	-	-	-	(0.15)
South Korea	-	-	-	-	-	-	-	(0.00)
Total	0.14	1.10	0.76	1.83	3.83	7.69	(3.86)	(1.38)

Global Investment-Grade Sovereign Fixed Income

September 30, 2017

Country Allocation	9/30/2017			12/31/2016	
	Portfolio	Index	Active	Portfolio	Change
Japan	-	19.85	(19.85)	-	-
Mexico	13.43	0.72	12.71	12.27	1.16
Italy	-	7.85	(7.85)	-	-
France	0.88	8.39	(7.52)	3.17	(2.30)
Poland	8.03	0.52	7.51	3.83	4.20
Malaysia	6.25	0.35	5.90	4.09	2.16
Germany	-	5.83	(5.83)	-	-
Brazil	5.51	-	5.51	5.62	(0.11)
Spain	-	4.69	(4.69)	-	-
Indonesia	4.53	-	4.53	4.68	(0.16)
United States	38.16	34.42	3.74	24.40	13.76
South Africa	3.87	0.44	3.42	5.42	(1.55)
Australia	4.47	1.78	2.69	7.16	(2.70)
Norway	2.91	0.24	2.67	3.28	(0.37)
Supranational	2.17	-	2.17	2.44	(0.27)
Belgium	-	2.05	(2.05)	-	-
Canada	-	1.70	(1.70)	-	-
Austria	-	1.31	(1.31)	-	-
Netherlands	2.91	1.75	1.15	3.28	(0.37)
Turkey	0.92	-	0.92	-	0.92
Ireland	-	0.68	(0.68)	-	-
Denmark	-	0.53	(0.53)	-	-
Finland	-	0.49	(0.49)	-	-
Sweden	-	0.39	(0.39)	3.28	(3.28)
United Kingdom	5.92	5.58	0.35	6.25	(0.32)
Singapore	-	0.30	(0.30)	-	-
Switzerland	-	0.14	(0.14)	-	-
Hungary	-	-	-	4.18	(4.18)
Other Countries	-	-	-	7.14	(7.14)
Derivative P/L	0.05	-	0.05	(0.50)	0.55
Total:	100.00	100.00	-	100.00	-

Currency Allocation	9/30/2017			12/31/2016	
	Portfolio	Index	Active	Portfolio	Change
Euro	-	33.05	(33.05)	-	-
Japanese Yen	-	19.85	(19.85)	-	-
US Dollar	15.98	34.42	(18.43)	12.85	3.13
Mexican Peso	13.43	0.72	12.71	12.27	1.16
Polish Zloty	8.03	0.52	7.51	3.83	4.20
British Pound Sterling	12.52	5.58	6.94	15.88	(3.36)
Norwegian Krone	6.99	0.24	6.75	5.18	1.81
Swedish Krona	6.55	0.39	6.17	6.64	(0.09)
Malaysian Ringgit	6.25	0.35	5.90	4.09	2.16
Brazilian Real	5.51	-	5.51	5.62	(0.11)
Australian Dollar	6.85	1.78	5.07	9.27	(2.42)
Indonesian Rupiah	4.53	-	4.53	4.69	(0.16)
Indian Rupee	4.50	-	4.50	4.89	(0.39)
New Turkish Lira	3.86	-	3.86	-	3.86
South African Rand	1.88	0.44	1.43	5.42	(3.54)
Canadian Dollar	3.12	1.70	1.42	-	3.12
Danish Krone	-	0.53	(0.53)	-	-
Singapore Dollar	-	0.30	(0.30)	-	-
Swiss Franc	-	0.14	(0.14)	-	-
Chilean Peso	-	-	-	5.18	(5.18)
Hungarian Forint	-	-	-	4.18	(4.18)
New Zealand Dollar	-	-	-	0.01	(0.01)
Total:	100.00	100.00	-	100.00	-

Global Investment-Grade Sovereign Fixed Income

September 30, 2017

Unhedged Positions

Currency	*Bond Exposure (%)	Currency Forwards (%)	Net Currency Exposure (%)
Mexican Peso	13.43	-	13.43
Polish Zloty	8.03	-	8.03
Malaysian Ringgit	6.25	-	6.25
Brazilian Real	5.51	-	5.51
Indonesian Rupiah	4.53	-	4.53

Partially Hedged and Hedged Positions

Currency	*Bond Exposure (%)	Currency Forwards (%)	Net Currency Exposure (%)
US Dollar	47.03	(31.04)	15.98
South African Rand	3.87	(1.99)	1.88

Independent/Incremental Currency Positions

Currency	*Bond Exposure (%)	Currency Forwards (%)	Net Currency Exposure (%)
British Pound Sterling	5.93	6.60	12.52
Norwegian Krone	-	6.99	6.99
Australian Dollar	4.47	2.38	6.85
Swedish Krona	-	6.55	6.55
Indian Rupee	-	4.50	4.50
New Turkish Lira	0.92	2.94	3.86
Canadian Dollar	-	3.12	3.12

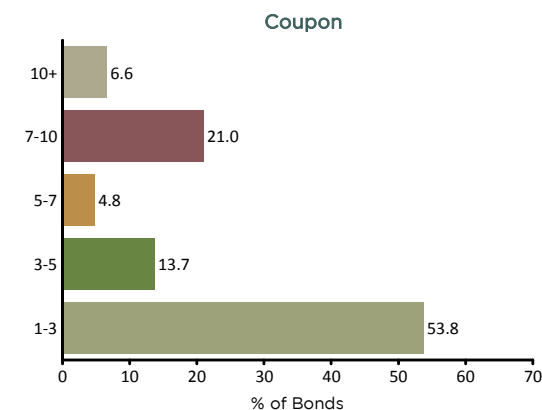
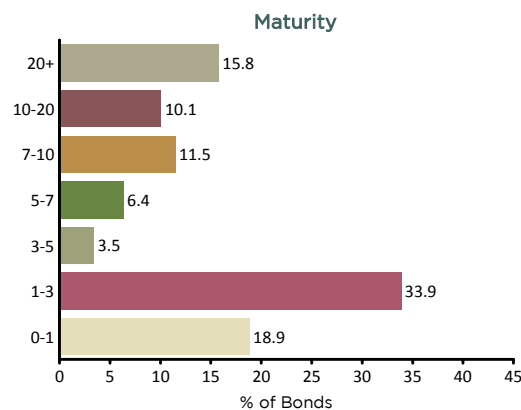
* Exposures may include bonds, cash, derivatives, and other products excluding Currency Forwards

Global Investment-Grade Sovereign Fixed Income

September 30, 2017

Portfolio Characteristics

	Portfolio	Primary Benchmark
Yield to Maturity (%)	3.40	1.18
Yield to Worst (%)	3.40	1.18
Modified Duration	3.83	7.69
Effective Duration	3.78	7.85
Average Maturity	7.27	9.00
Average Market Price	102.16	-
Average Coupon (%)	3.94	2.34
Current Yield (%)	3.67	-
# of Issues	38	1,021



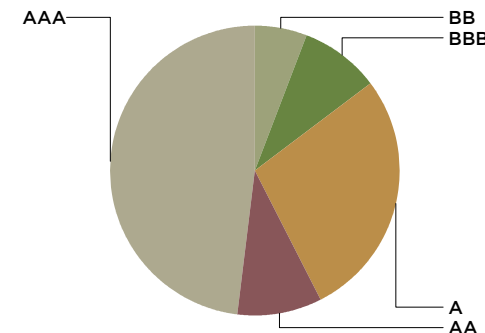
Sector Breakdown

	Market Value (%)	Duration Contribution (in Years)
Government Sovereign	83.45	3.63
Government Regional Agencies	4.47	0.18
Supranational	2.17	0.01
Government Sovereign Agency	5.82	0.01
Government Guaranteed Program*	0.88	0.00
Cash	3.16	-
Derivatives	0.05	-
Total:	100.00	3.83

Portfolio Credit Quality (Blended Weighted Average Rating)

Combined Rating	%	Cumulative %
AAA	48.0	48.0
AA	9.5	57.5
A	27.7	85.2
BBB	9.0	94.2
BB	5.8	100.0

Average Quality: AA-



PRIMARY BENCHMARK is Citigroup WGBI (USD)

*Securities issued with an explicit government guarantee.

All Averages are US DOLLAR - weighted by the net market value. Average Market Price includes accrued interest. The "Blended Weighted Average Rating" is determined as follows: in line with the methodology used by Barclays Global indices, the middle rating from the three major NRSROs (S & P, Moody's, and Fitch) will be assigned to each security. In the event that ratings are provided by only two agencies, the lowest rating will be assigned. If only one agency assigns a rating, that rating will be applied. If the security is not rated by one of the three major agencies, it is given a rating equivalent to a defaulted bond. The equivalent numerical rating is assigned to each security based on the Security Level scale. A Portfolio Level scale is applied on the weighted average calculation to round for fractional numerical ratings and then converted to an alpha weighted average rating. Cash is included and received the highest rating.

Derivatives market value represents the unrealized profit/loss of all derivatives in the portfolio.



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4th Quarter 2017

Global Macro Outlook

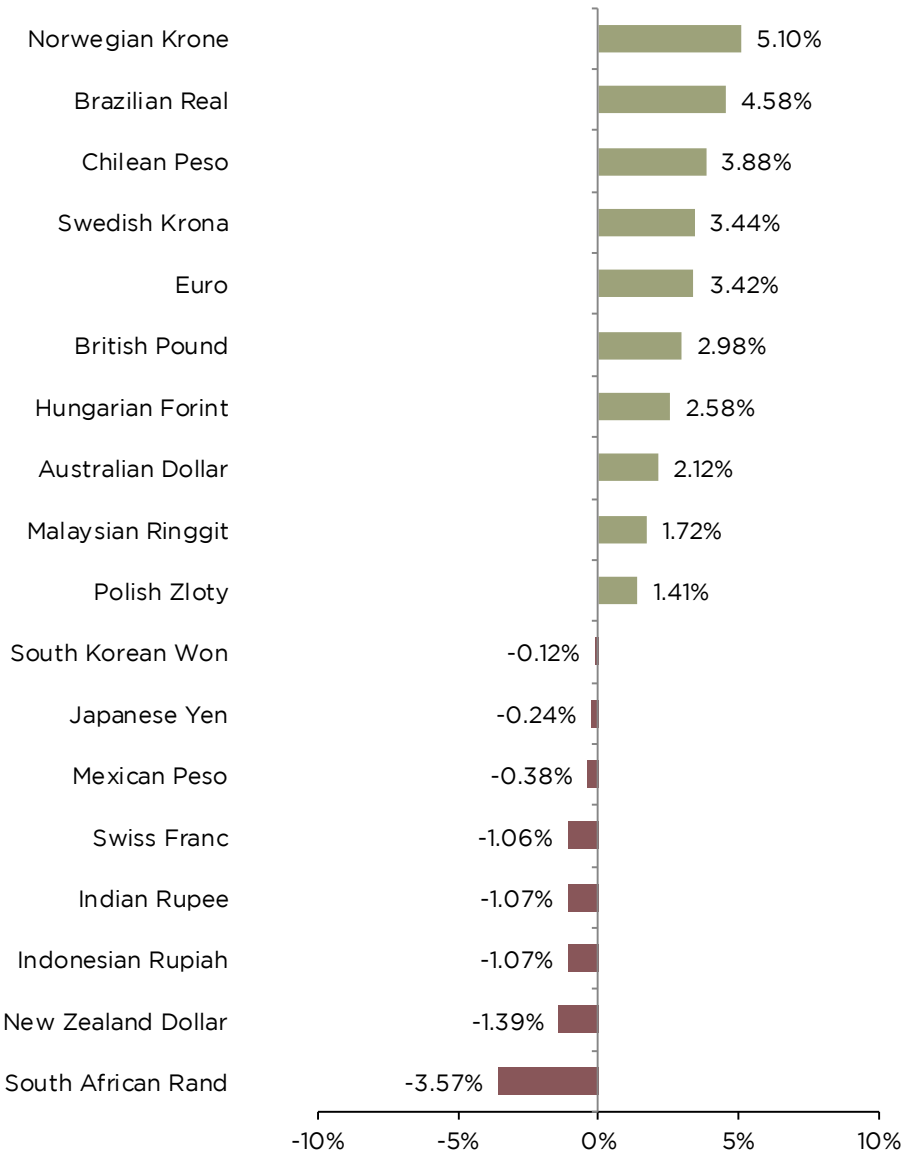
Presented by

Richard Lawrence

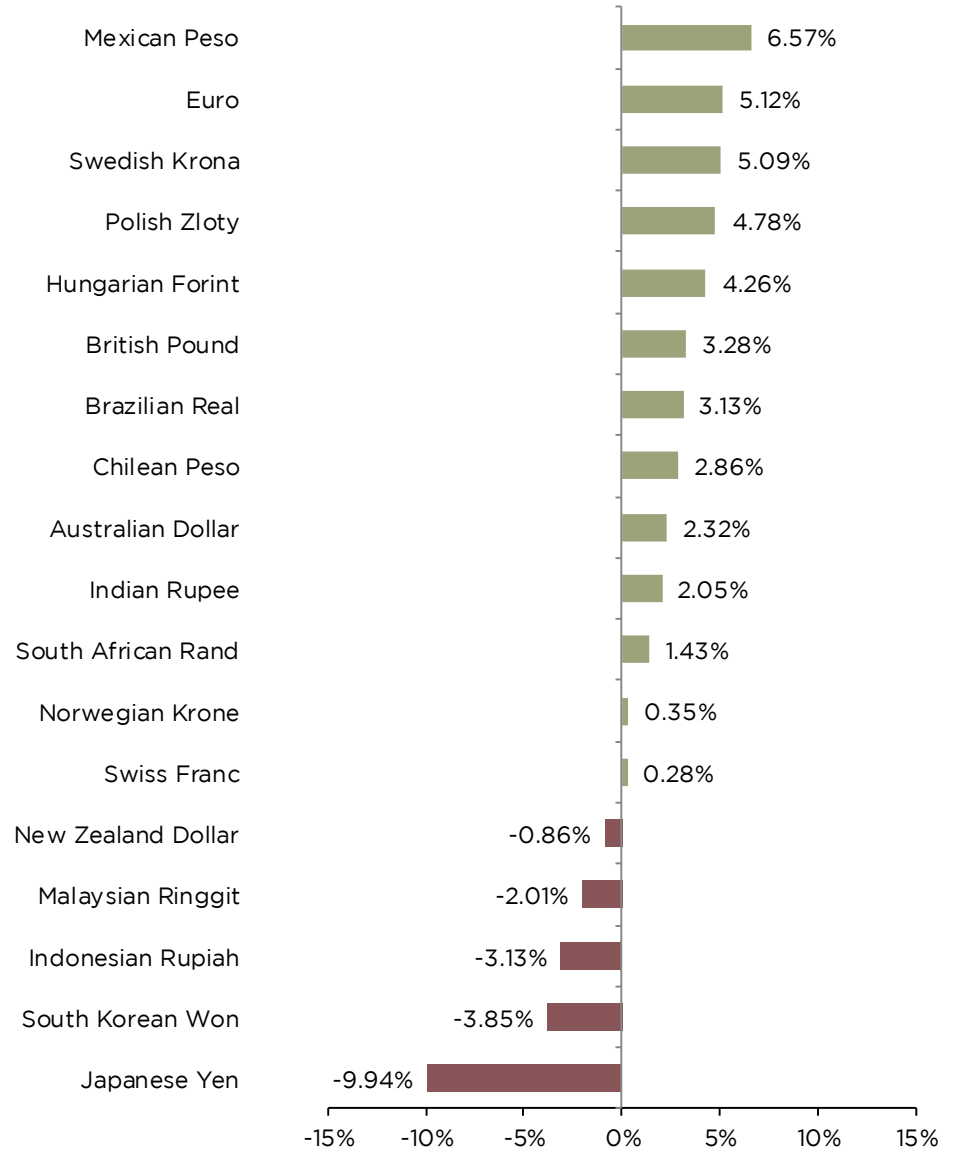
Senior Vice President, Portfolio Management

Currency Market Performance - USD

3Q17 Return (6/30/2017 - 9/30/2017)



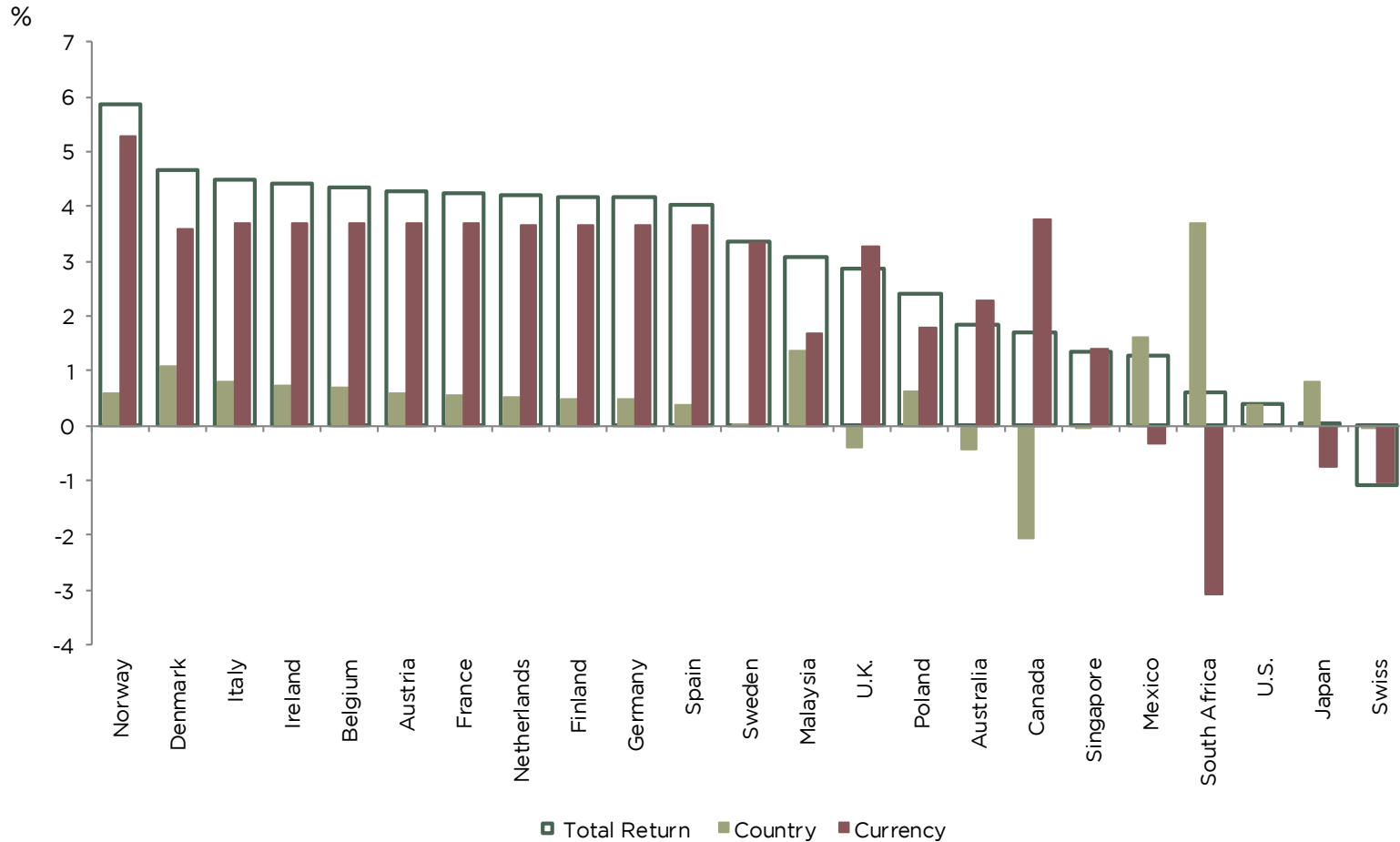
1-Year Trailing Return (9/30/2016 - 9/30/2017)



Market Performance - USD

3Q 2017

Citigroup World Government Bond Index(USD) : 1.8%
 Citigroup World Government Bond Index Ex-US(USD): 2.6%



Data is obtained through Bloomberg Finance LP, which Brandywine Global believes to be reliable and accurate. Chart created by Brandywine Global. The Citigroup World Government Bond Index (WGBI) measures the performance of fixed-rate local currency investment grade sovereign bonds. This widely adopted benchmark is currently comprised of sovereign debt from 23 countries denominated in 14 currencies. The index was created in 1986 and offers more than 25 years of index history. Indices are unmanaged and not available for direct investment. Please refer to Appendix 1 for important disclosure information. 5632

Around the World: What Matters

AMERICAS

United States

- Republicans desperate for a tax win after the ACA failure – anticipate compromise
- No end in sight for the elongated business cycle, unless the Fed kills it
- QT – “paint drying” or a material information risk ?

Mexico

- NAFTA negotiations ongoing, need to be completed well before Presidential elections
- Momentum picking up in oil sector, will help fiscal situation in next few years
- Hiking cycle over - expect inflation to start falling 1H18, cuts likely post June elections

Canada

- Economy performing far beyond expectations with real GDP at 4.4% (Q/Q, Ann) in Q2
- Since mid-June BOC turned hawkish and then raised rates twice in July and September
- Signs that growth might slow down are mounting as contributions from private consumption diminishing and oil investment boom to fade

Brazil

- Inflation at historic lows, 100-150bps more cuts expected, real rates could fall further
- Growth gradually better, consumer better, waiting for industrial sector to improve
- Labor reforms passed; pension reform matters more from debt dynamics standpoint

Chile

- Mining drag subsided, recovery should continue into 4Q and 2018 after a weak 1H17
- Central bank on hold, inflation could pick-up if growth accelerates in 2018
- Presidential elections could be positive catalyst for business confidence and investment

Colombia

- Govt pushed fiscal consolidation to next administration, twin deficit improvement could be at risk
- Growth to improve in 2018 with 4G investment moving forward
- Monitoring elections in 1H18, will political spectrum swing post peace process

Peru

- Reform agenda remains on track despite political scandals, growth to pick-up in 2018
- Countercyclical fiscal deficit should narrow with time, continued formalization to help on the revenue side
- Terms of trade improvement and market share gains boosting commodity exports

AMERICAS (cont'd)

Argentina

- Inflation is falling, but not as fast as forecasts, forcing the central bank to raise rates
- October regional elections a key risk particularly with former Pres. Kirchner running
- Economic recovery should help tax revenues, but further fiscal consolidation needed

EMEA

Continental Europe

- Recent ECB comments on EUR strength may impact how and when QE starts
- Macron reform agenda underway – unemployment benefits, firm level bargaining
- German election surprise not a game changer but Merkel ends up with a weaker coalition that may slow EU integration efforts
- Italy’s NPLs down sharply – banking industry continues to consolidate

United Kingdom

- UK muddles along – not robust but not recessionary. Inflation squeezing real incomes
- Politics remain complicated – May under pressure from her party
- BOE has turned hawkish as they battle higher inflation which has boosted GBP, November rate hike odds at 80%

Sweden

- Roaring domestic demand brought overall Swedish real GDP expansion in Q2 to 4.0%
- Capacity utilization registered record high and CPI has picked up above 2%
- Riksbank not responding to improving domestic data, maintained an easing bias

Norway

- Norwegian inflation should moderate this year
- Strong data in 1H17 suggests that economic momentum is gaining strength
- Domestic activity better amid expansionary fiscal policy and neutral monetary policy
- Norges bank turned relatively hawkish and released tighter rate path

Poland

- Huge gains in tax collections continue, somewhat assuaging political noise
- CB unlikely to hike in 2018, but more hawks are emerging
- Tight labor market boosting wages (behaving as Philips Curve would predict)

Hungary

- Procyclical fiscal stance and further monetary loosening at odds with economic strength
- CB liquidity management forcing domestics to crowd into local bond market, supporting yields
- 2018 political calendar approaching

Around the World: What Matters

EMEA (cont'd)

Czech

- Steady appreciation continues as CB targets tightening via a mix of rate hikes and currency strength
- Central bank emboldened by economic strength, likely to move ahead of ECB

Russia

- Real rates remain high due to disinflationary forces and cautious central bank
- Fiscal slippage risk ahead of 2018 elections
- External debt deleveraging continues amid ongoing sanctions

Turkey

- Central bank remains hawkish, but credit not slowing yet due to government programs
- Tourism and export revenues higher, but offset by oil imports
- Diplomatic spats putting some temporary pressure on exchange rate

South Africa

- Trade surplus improving, but mostly a function of commodity prices
- Lower growth, tax revenue underperformance continues to steepen yield curve
- December leadership conference hard to call at this point

ASIA/PACIFIC

Japan

- Job market pressures as skilled positions can't be filled
- BOJ has fixed the yield curve indefinitely – how and when will they readjust?
- Export growth from cheaper JPY should help

China

- All eyes are on 19th Party Congress. The makeup of the power dynamics in the new Politburo will drive the future direction of growth and reform
- Expect stability going into the Congress. To balance financial deleveraging, policymakers plan to inject liquidity in 1H18 via a targeted Required Reserve Ratio cut for banks who meet the criteria of lending to small companies.
- Credit impulse slowed with higher funding costs. So far, softening of property markets in top tier cities partially offset by the resilience in lower tier cities. Strong external demand and an industrial restocking cycle should support moderate growth in Q3
- CPI inflation still subdued at 1.6% as food deflation continued. PPI inflation stabilized at 5.7%. Don't expect large-scale monetary tightening with limited inflation
- Fiscal stimulus still the last resort if growth slows down drastically

ASIA/PACIFIC (cont'd)

Australia

- Rebalancing towards service oriented exports
- Natural gas exports will come online and support trade balance
- Housing market pressures – but not a crash
- Labor market showing signs of healing as full-time positions are being created & filled, but move towards higher consumption not imminent

New Zealand

- Stable dairy prices and solid demand out of China
- Housing market pressures – but not a crash

Malaysia

- Manufacturing cycle continues to power on. Q2 GDP stronger on domestic demand from consumption and external demand from net exports
- Inflation has remained in the 3% levels due to changes in administered prices
- FDI data shows greater investments from China which will help growth

Singapore

- Recent indicators show a cyclical upturn along with China
- Property cycle showing signs of revival but wage growth subdued
- Inflation has been rising, CB likely to move towards tightening at some point in 2018

South Korea

- Exports up - double digit growth on strong semiconductor activity
- Policy stimulus remains in place to support growth
- Fears of conflict with nuclearized N. Korea, relations with China have deteriorated over THAAD

India

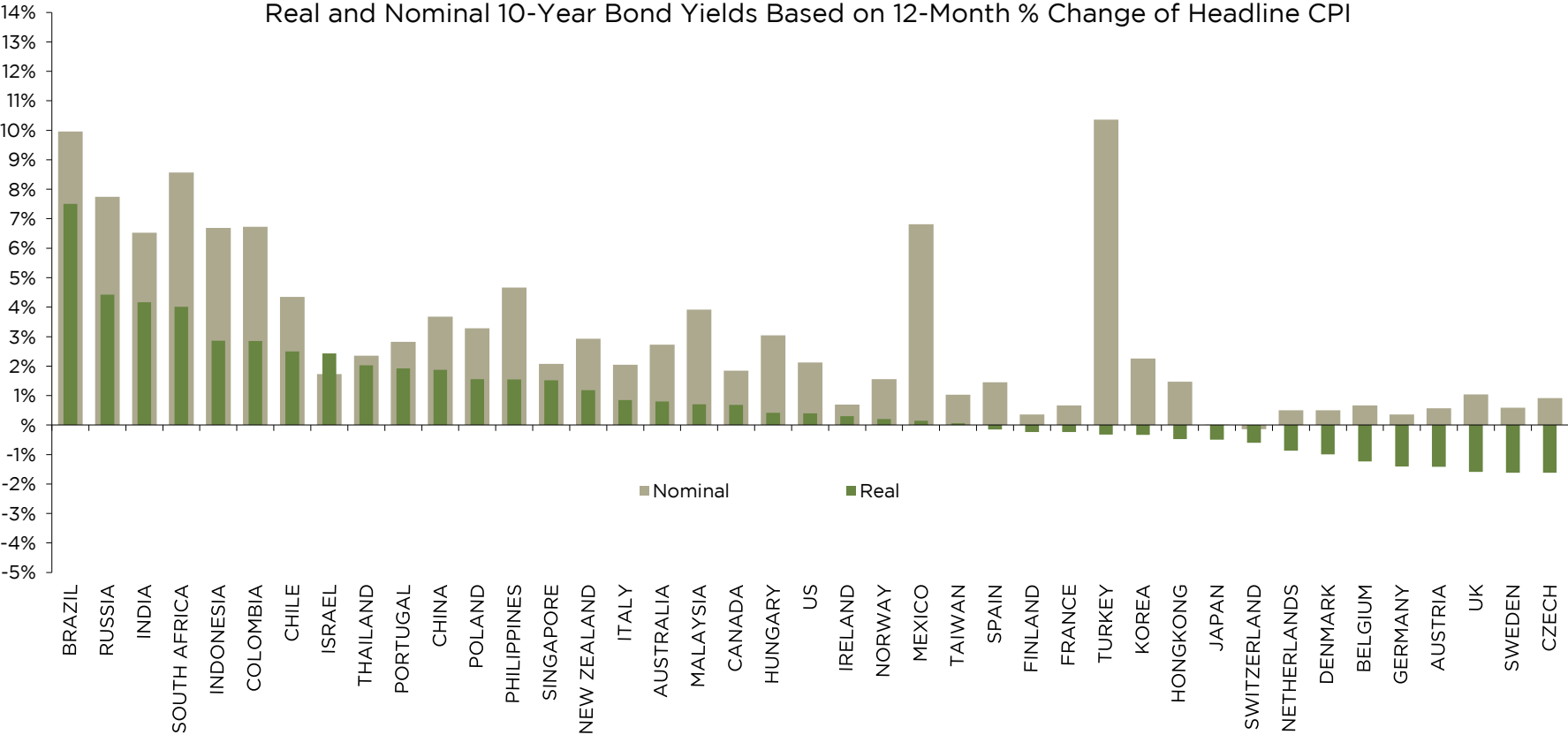
- Growth has been weak (due to demonetization and GST) with FY2018 GDP guided lower. But PMI and IP shows signs of revival
- Current account deficit is widening on higher imports partly due to GST impact
- Fiscal deficit expected to widen as government supports growth with stimulus

Indonesia

- Renewed growth in exports and infrastructure spending helping growth.
- Despite a successful tax amnesty program, fiscal deficit target may be raised due to higher LPG subsidies
- Core inflation remains anchored at 3+% level as consumption remains subdued

There Are Frequent Valuation Anomalies in the Global Bond Arena

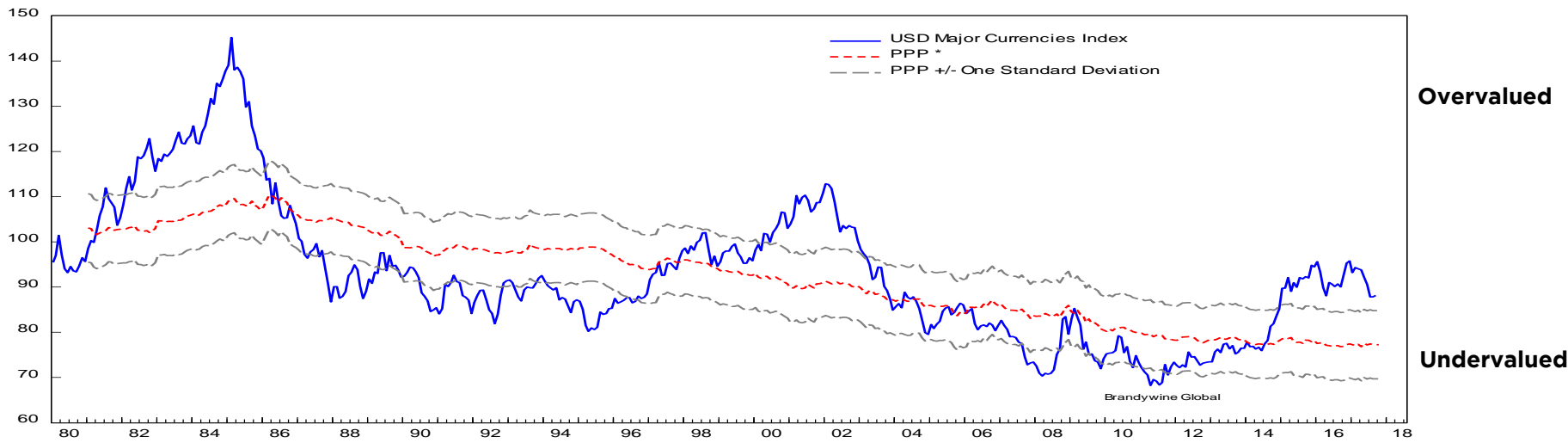
As of 8/31/2017



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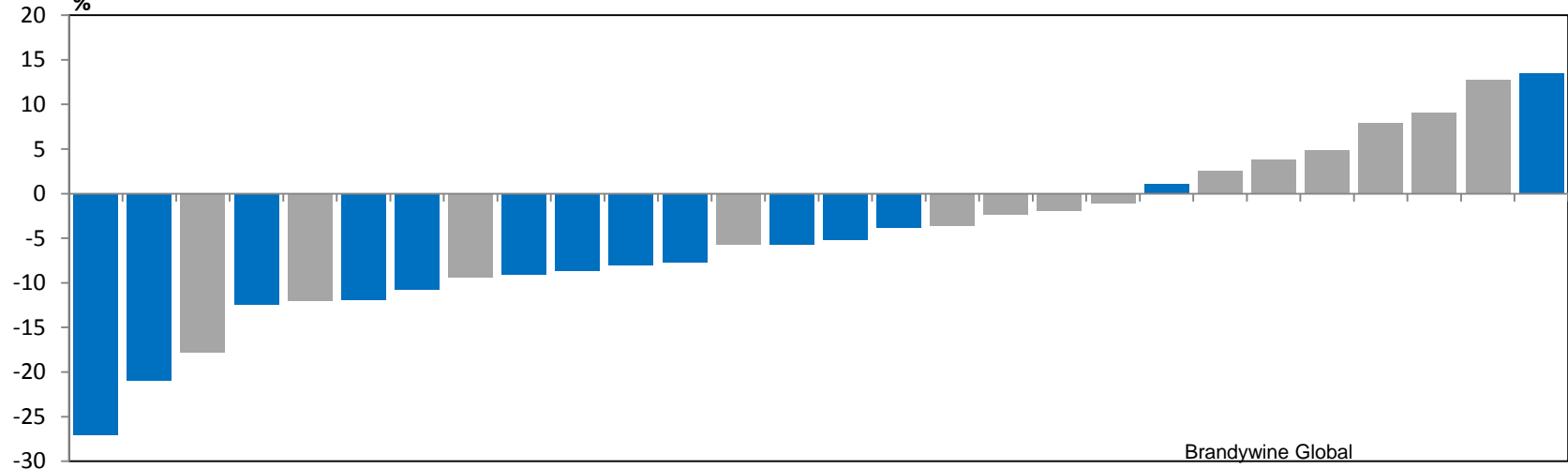
Value Opportunities Are Global, Not Focused on U.S.

Difference as a Percentage of BGIM PPP
US DOLLAR VALUE



*Based on GDP Weighted PPI of 6 Countries: Euroland, Japan, UK, Canada, Switzerland, Sweden
As of 9/29/2017.

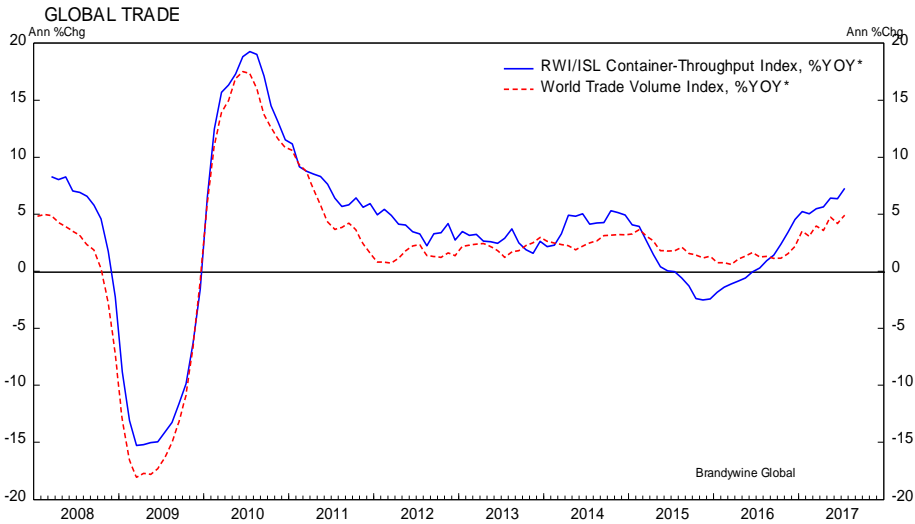
PERCENTAGE DEVIATION FROM BGIM PPP



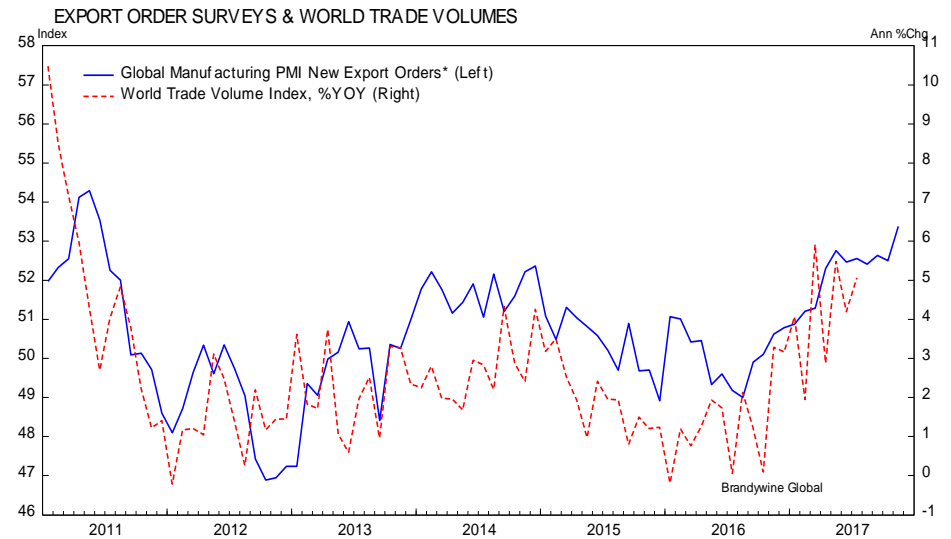
TRY GBP KRW ZAR JPY NOK MXN RUB BRL MYR AUD SEK EUR INR PLN CAD HUF CHF CLP CNY IDR PHP TWD THB SGD NZD CZK USD
As of 08/31/2017

The blue bars denote currency exposure in our flagship strategy's representative account. Please refer to the Global Opportunistic Fixed Income Composite Disclosure for more information.

World Trade Is Expanding – Catalyst That Drives the Global Economic Feedback Cycle



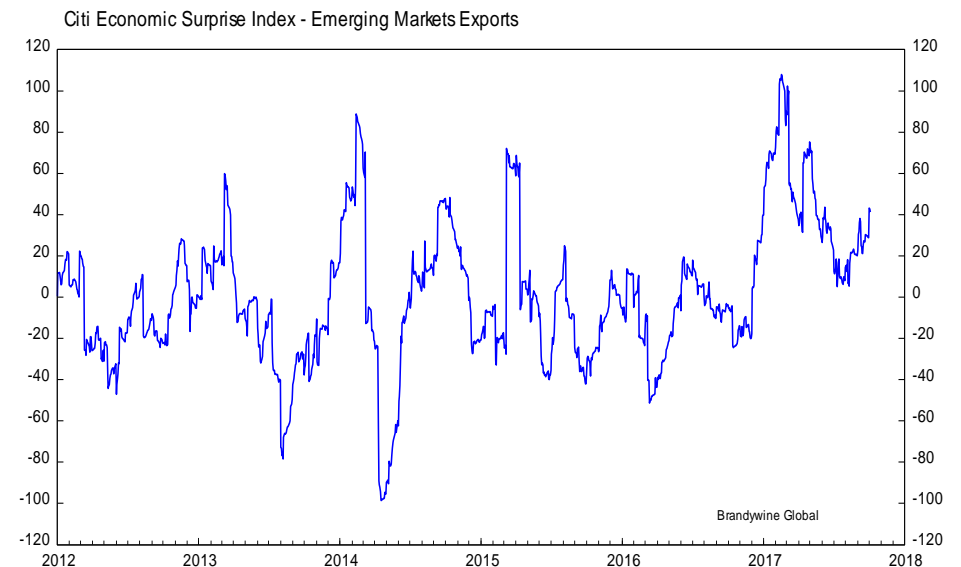
* 3-Month Moving Average
 As of 07/31/2017.



* Advanced by 3 Month
 As of 07/31/2017.



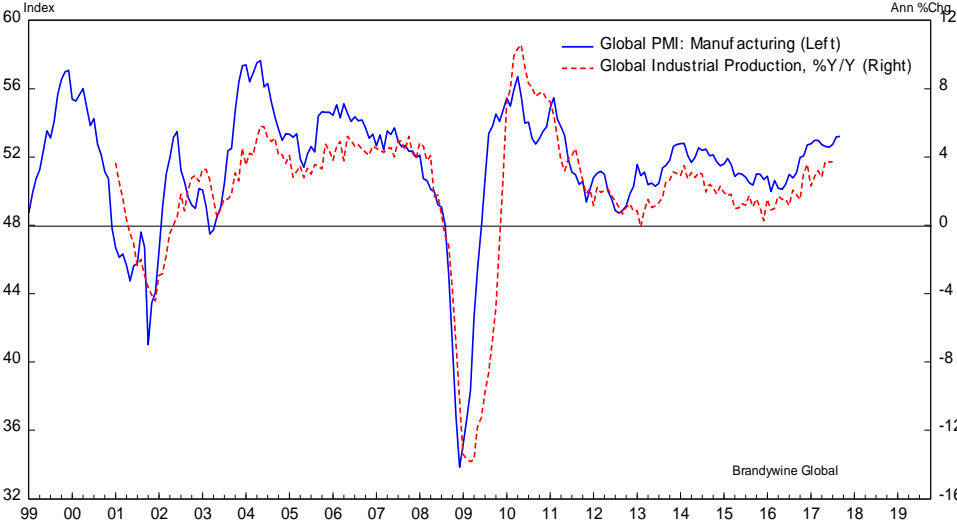
As of 9/22/2017



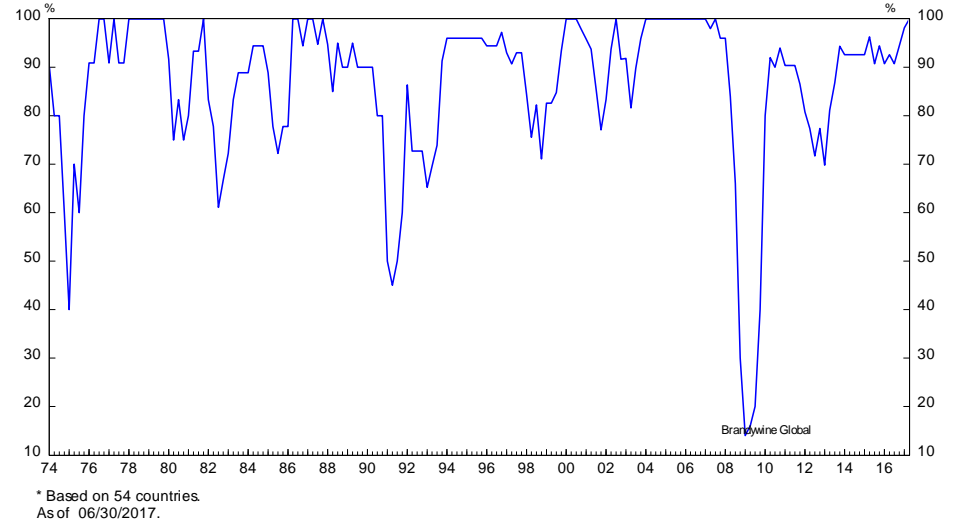
As of 10/4/2017.

Cyclically - World Economic Growth Is Broad Based, Has Momentum and Lagging Regions Should “Catch up”

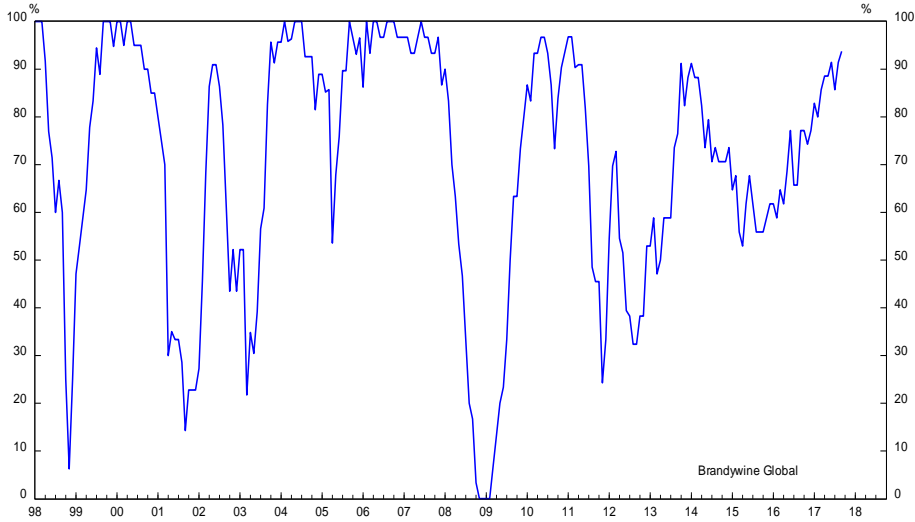
GLOBAL MANUFACTURING PMI AND INDUSTRIAL PRODUCTION



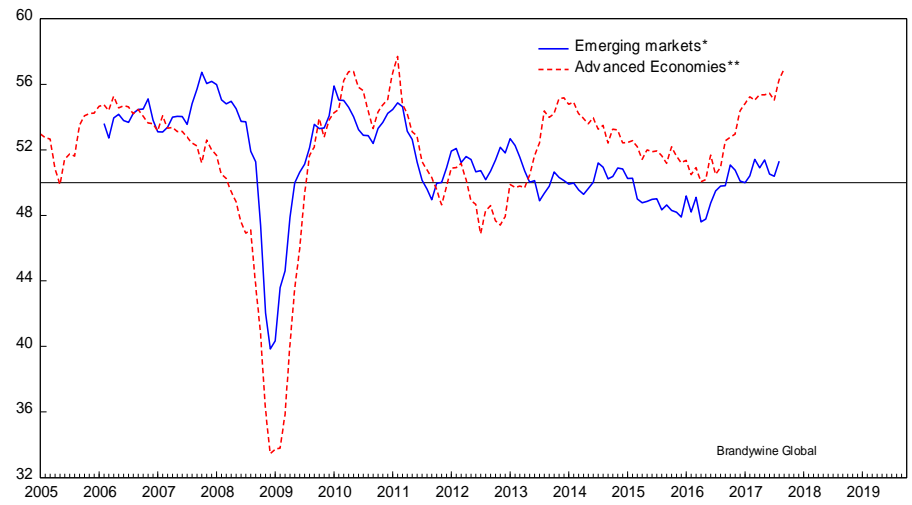
PERCENTAGE OF COUNTRIES* WITH POSITIVE REAL GDP GROWTH



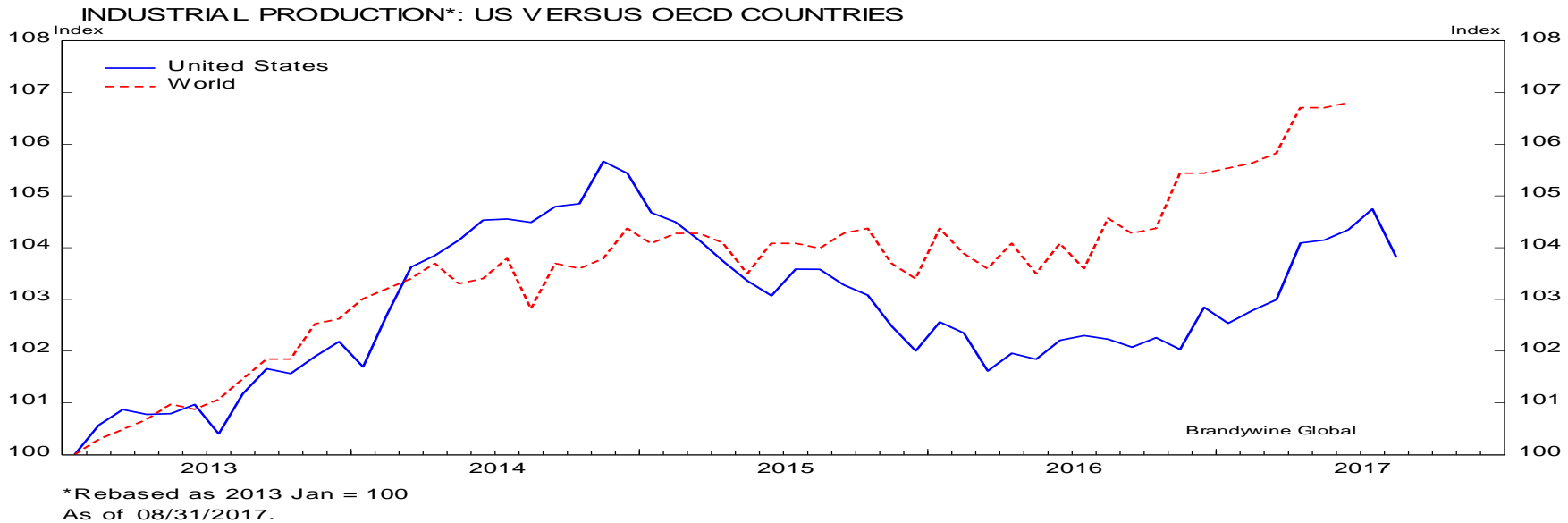
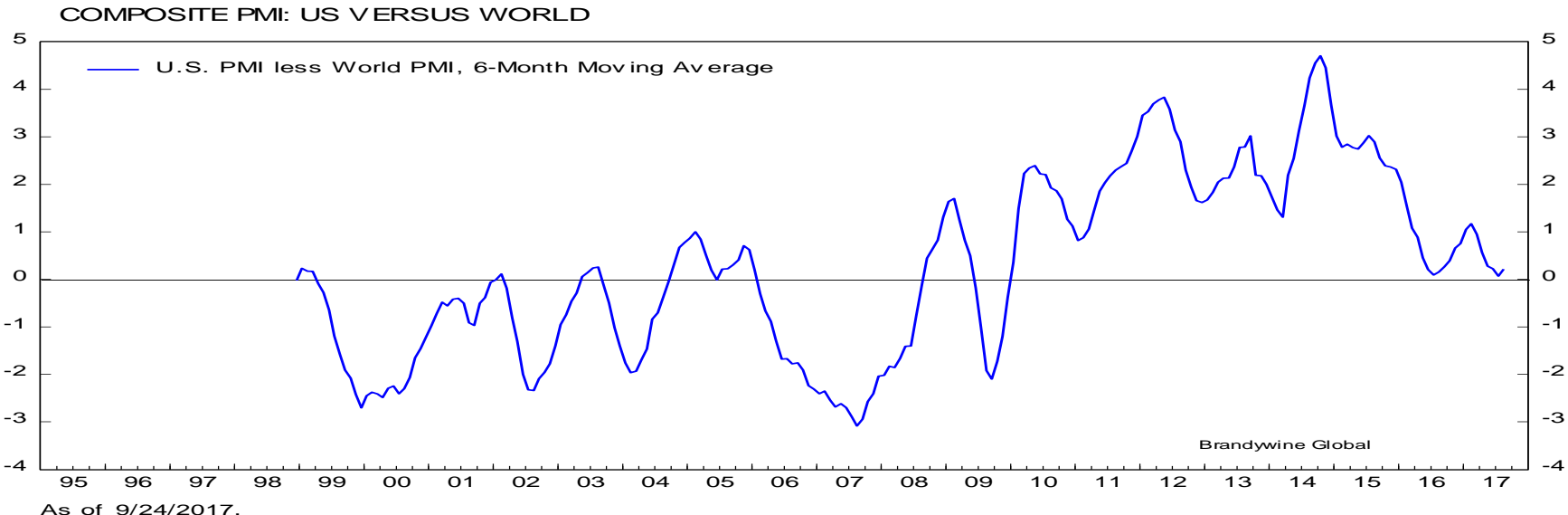
PERCENTAGE OF COUNTRIES MANUFACTURING PMI > 50



MANUFACTURING PMI INDEX

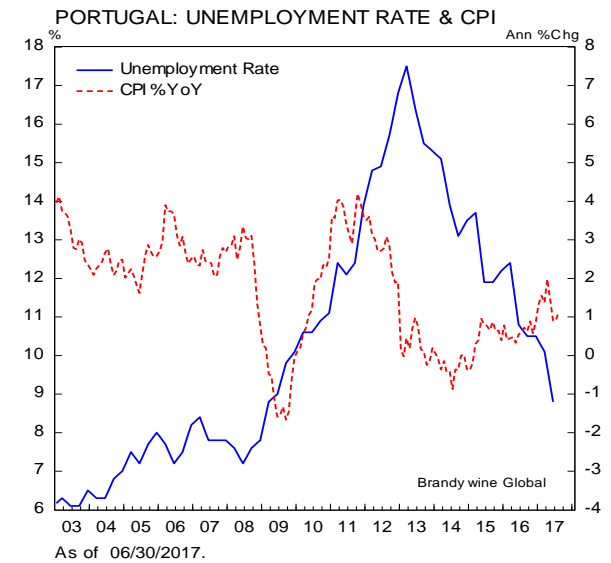
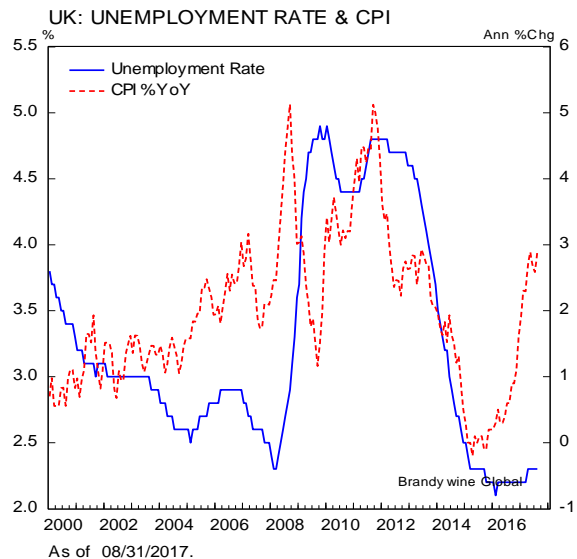
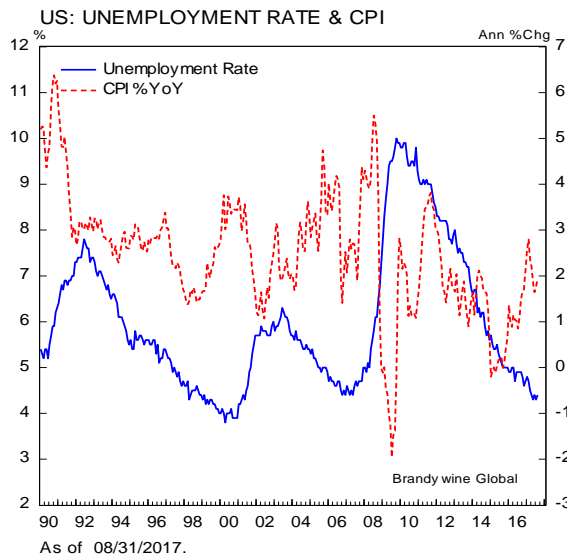
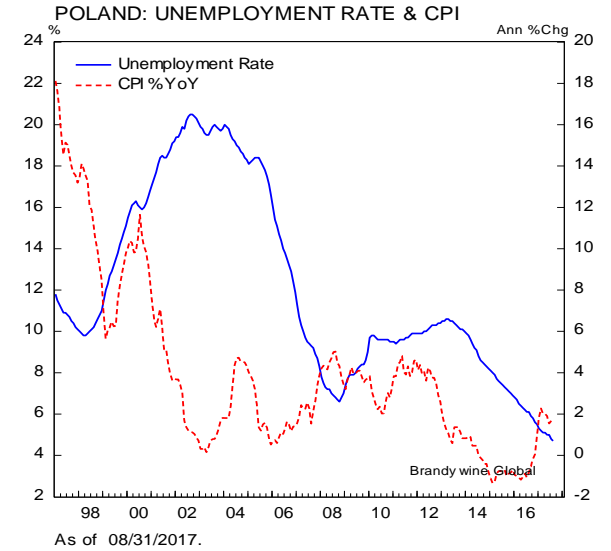
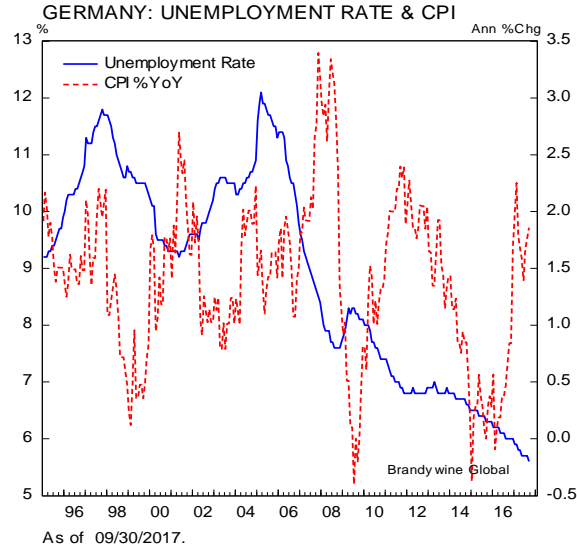
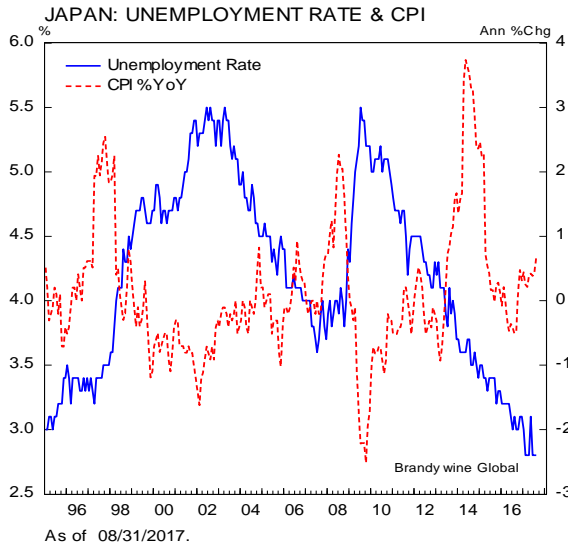


Other Countries and Regions Are and Should Continue to Experience Better Economic Growth Than the U.S. – USD Implications

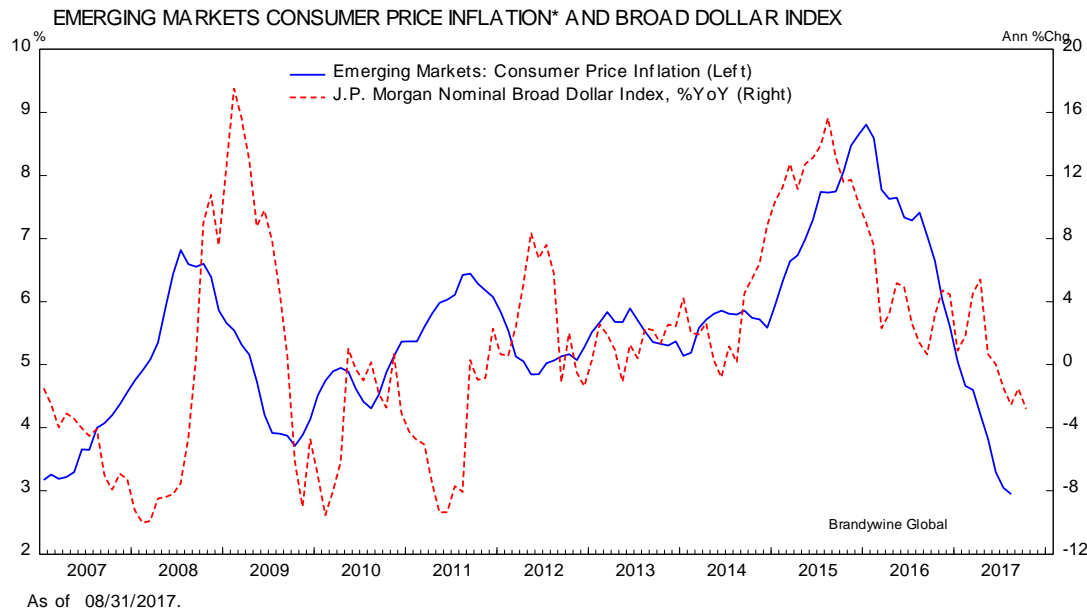
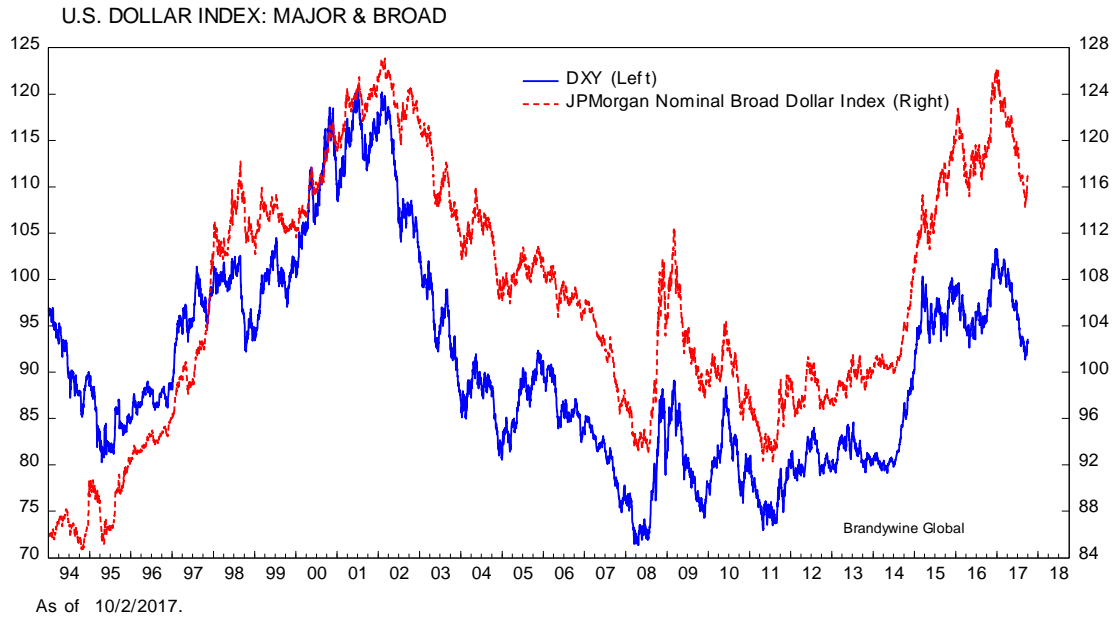


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Global Labor Markets Tightening



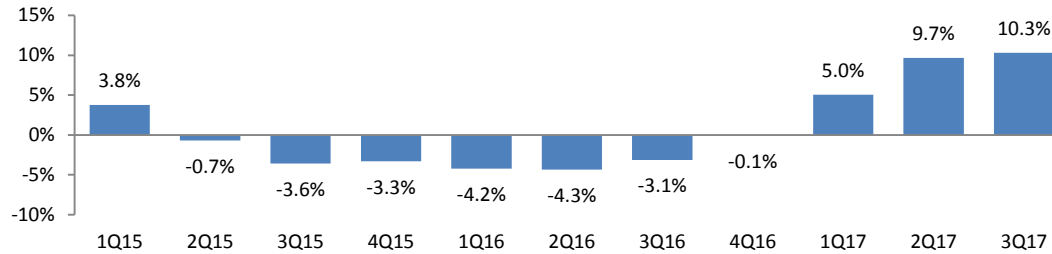
The Feedback Cycle at Work



*Average of Poland, Czech, S.Korea, Malaysia, India, Indonesia, Taiwan, Thailand, Turkey, Peru, Brazil, Mexico, and South Africa

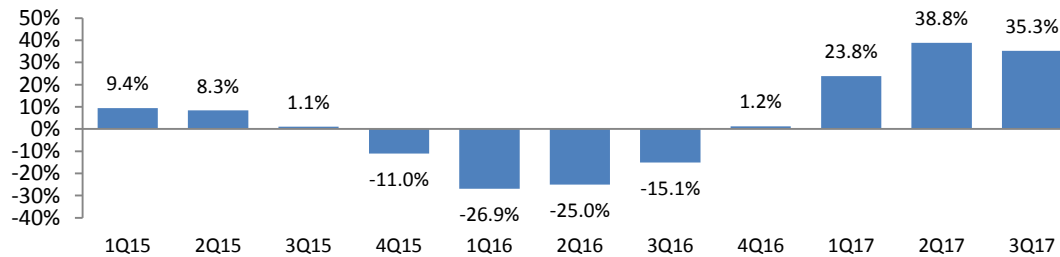
Late Cycle but Maybe More to Come

S&P 500 Trailing 12 Month Y/Y Earnings Growth



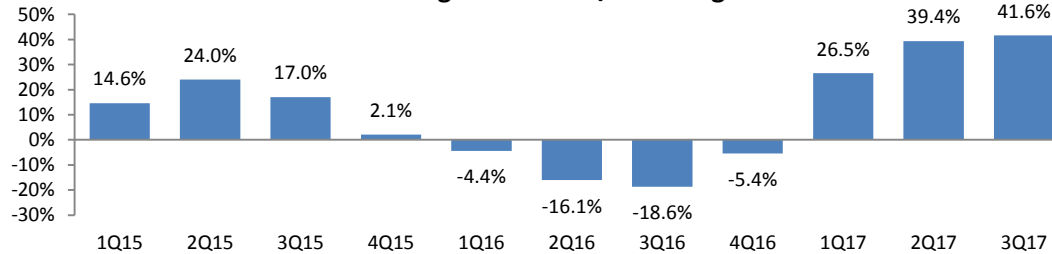
As of 09/29/2017
Source: Bloomberg

Stoxx 600 Trailing 12 Month Y/Y Earnings Growth



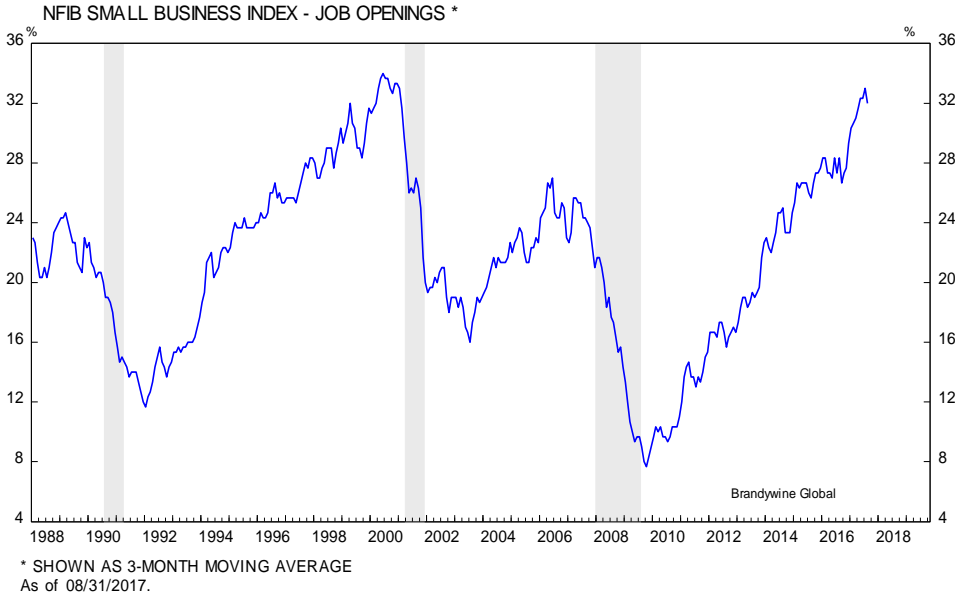
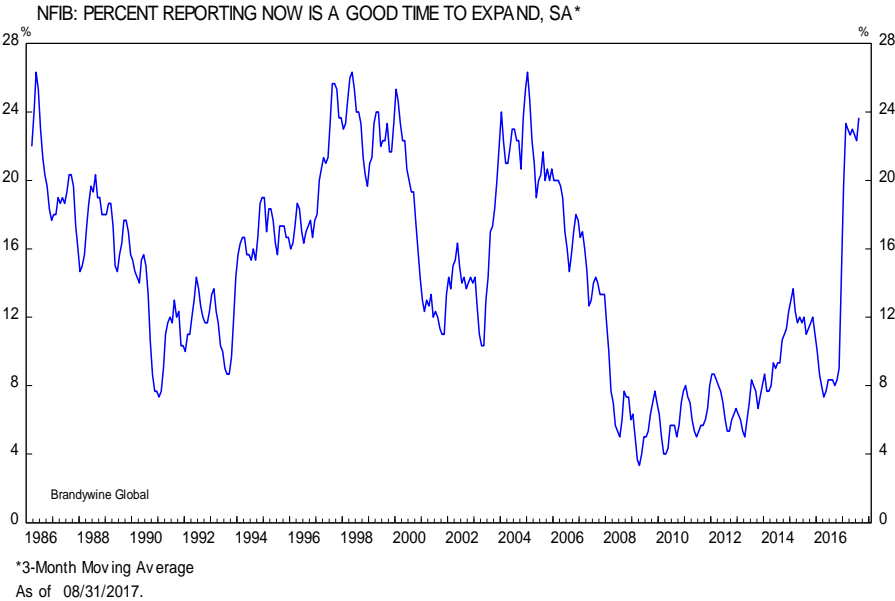
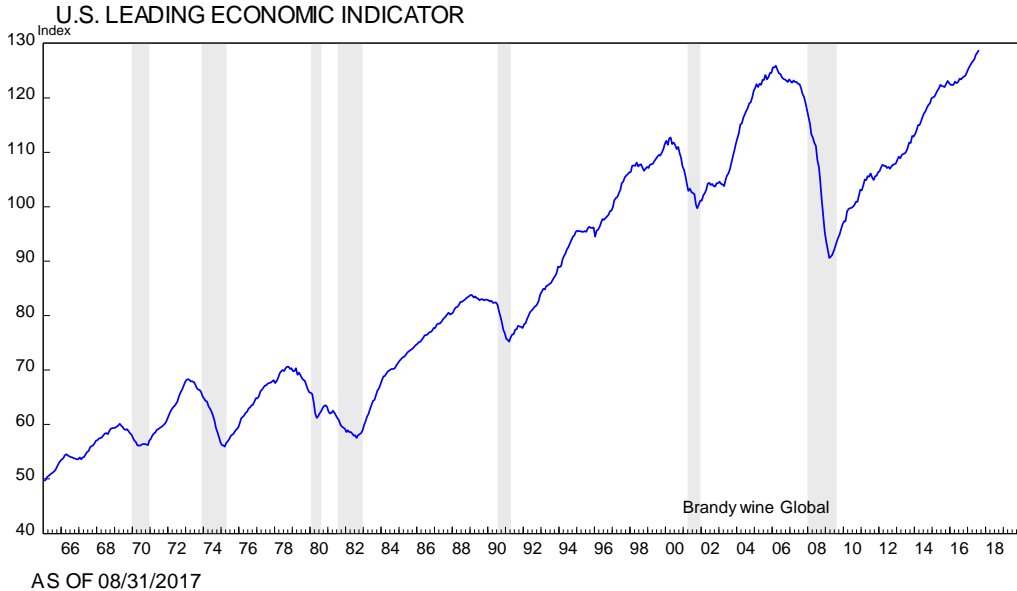
As of 09/29/2017
Source: Bloomberg

Nikkei 225 Trailing 12 Month Y/Y Earnings Growth



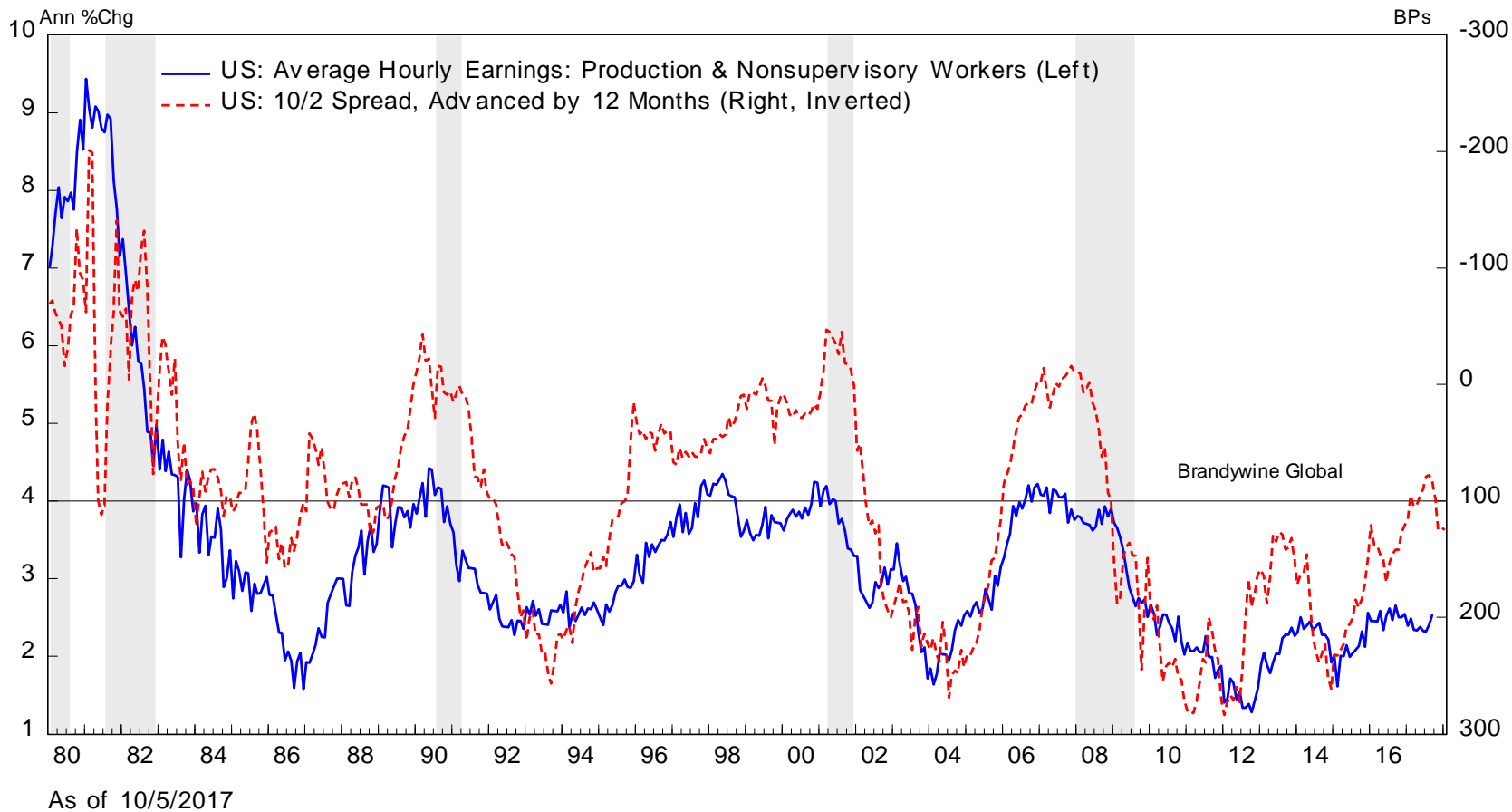
As of 09/29/2017
Source: Bloomberg

Both Hard and Soft Data Look Ok

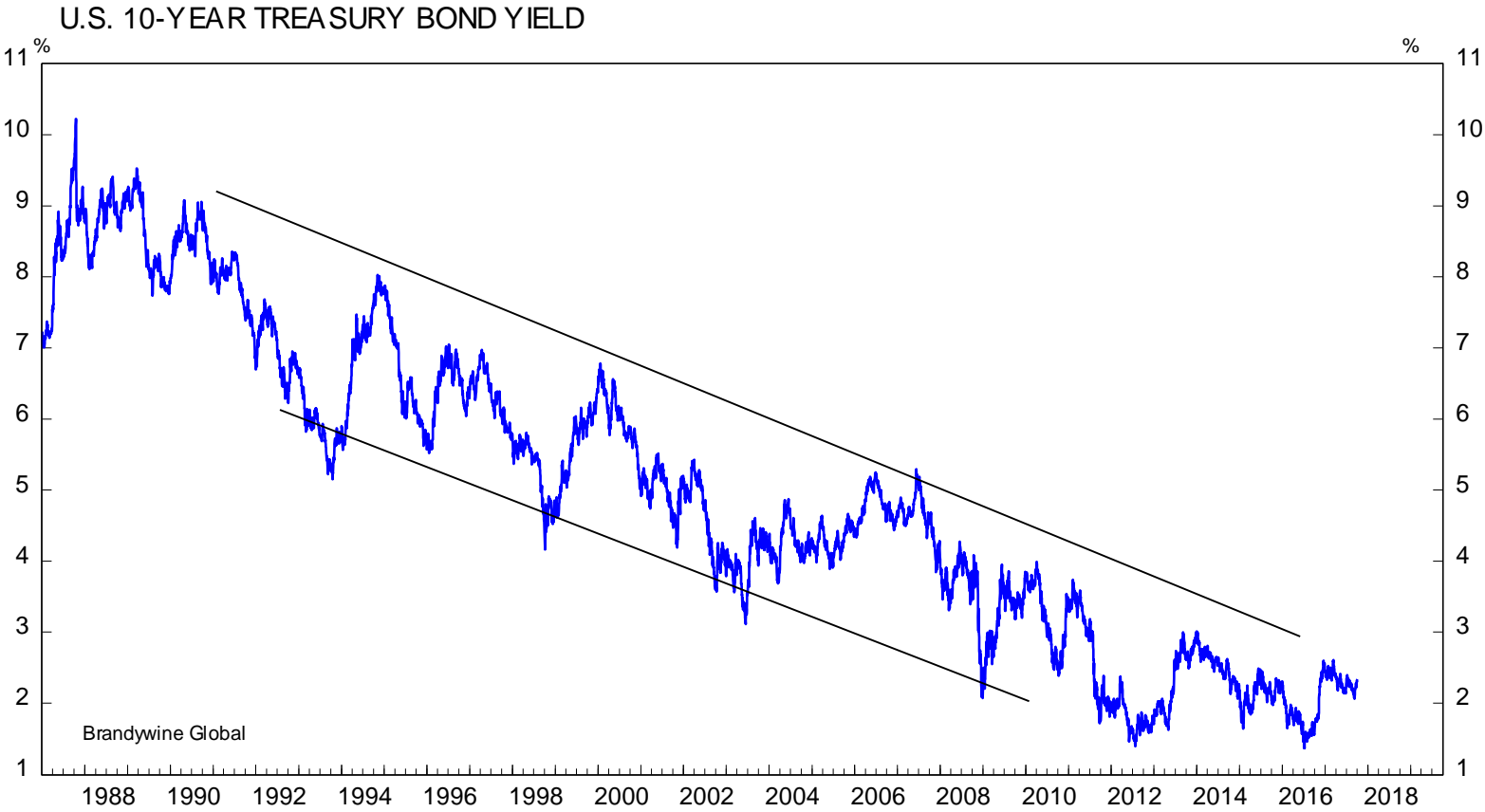


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A Long Way from 4% Wage Growth Which Usually Presages an Inverted Yield Curve and Recession



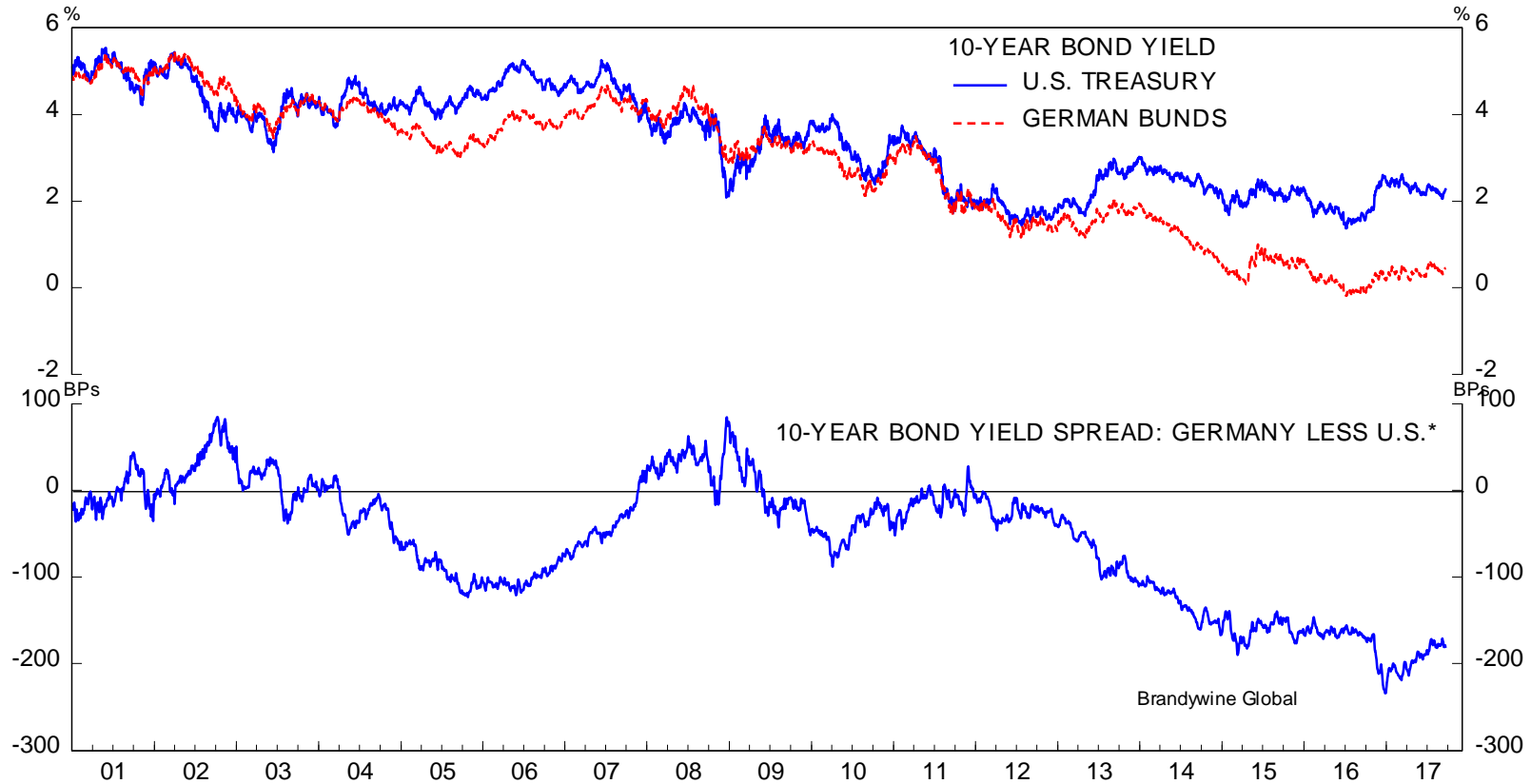
Still Range Bound... for Now



As of 10/2/2017.

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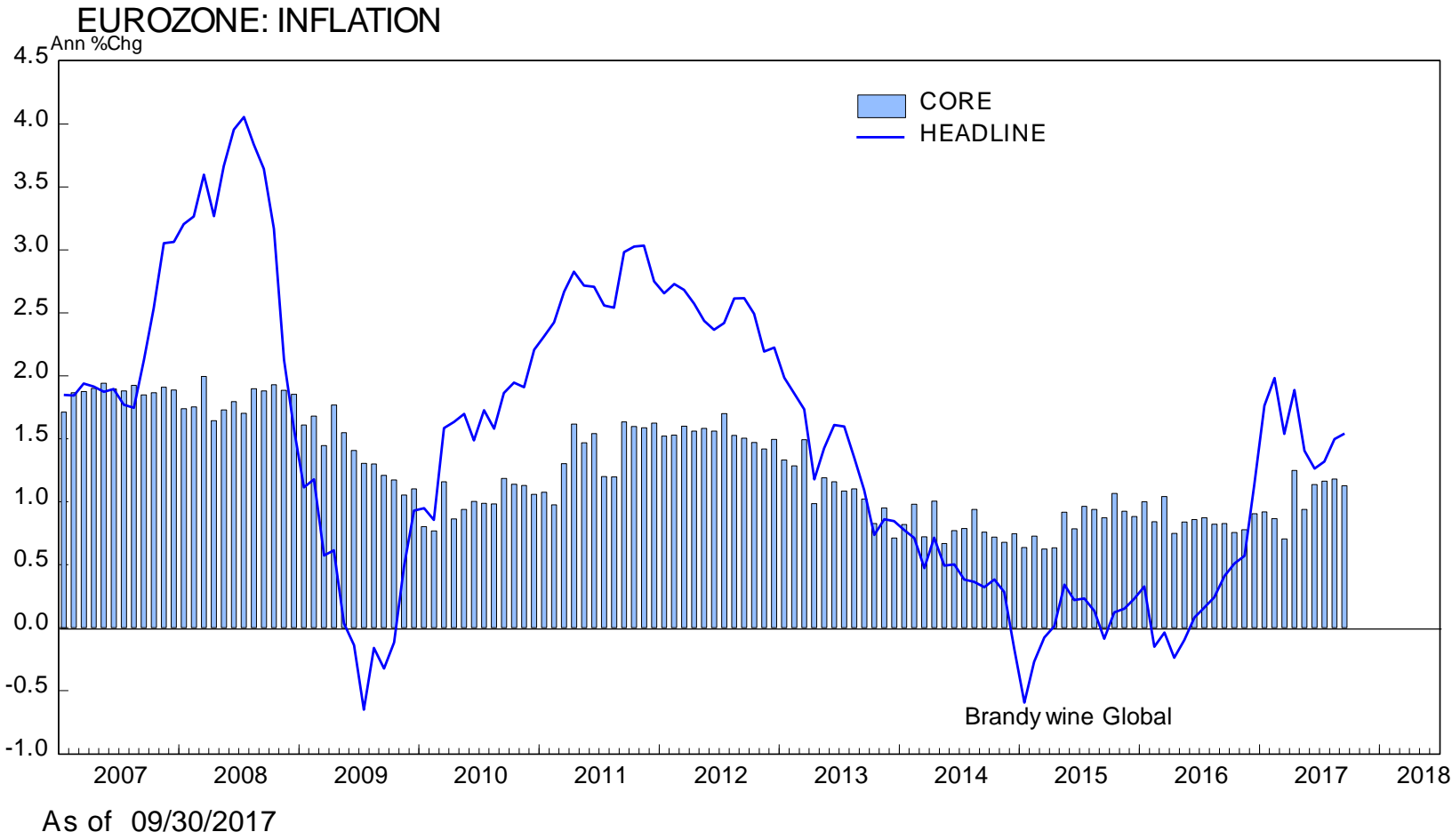
And, There's Relative Value Support for Treasuries. The Next Leg of Any Sell off in Treasuries Should Start in Germany



* Shown As 3-Month Moving Average
As of 9/22/2017.

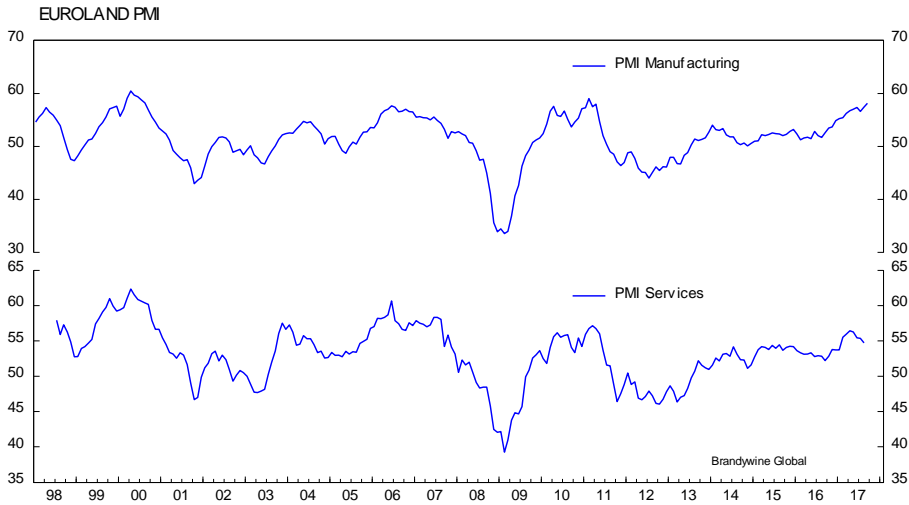
Brandywine Global

No Case for Aggressive Tapering for the Single Mandate ECB

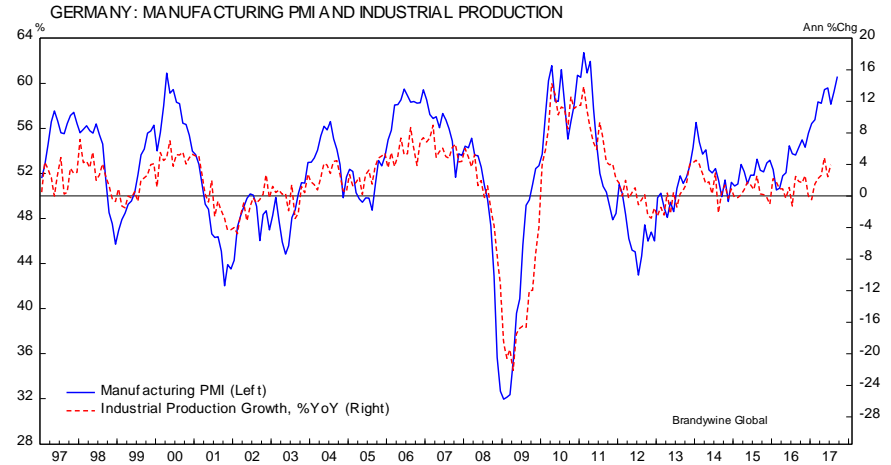


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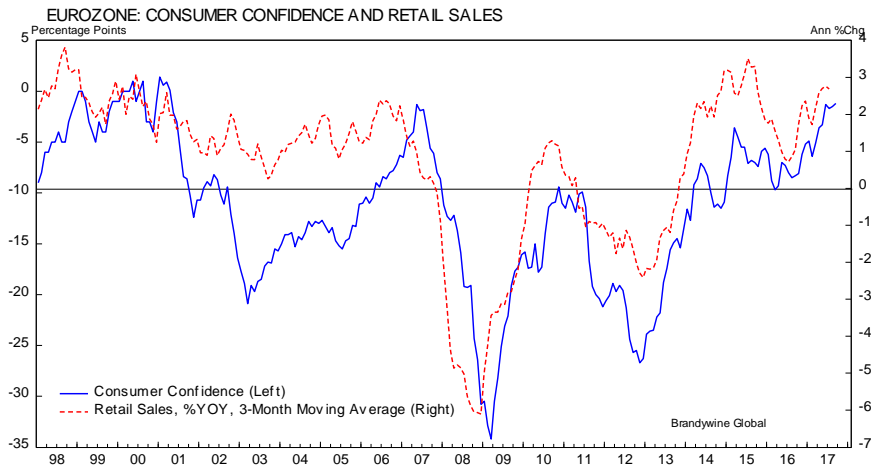
So Europe Continues Its Recovery



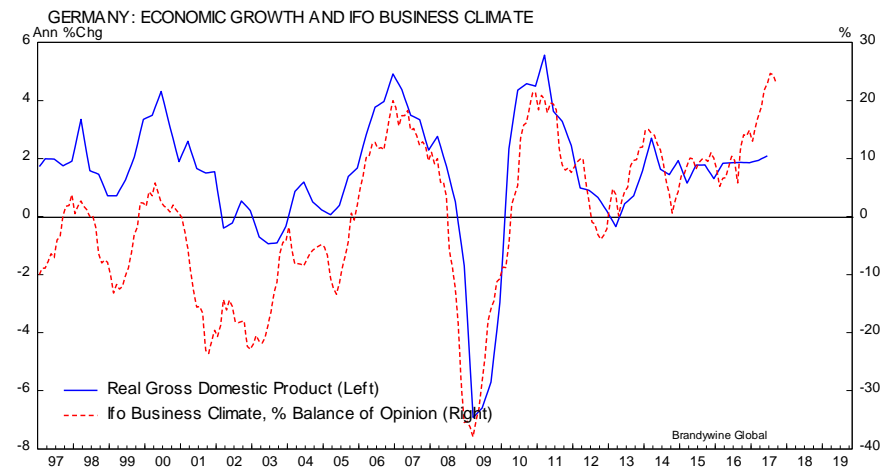
As of 09/30/2017.



As of 09/30/2017.

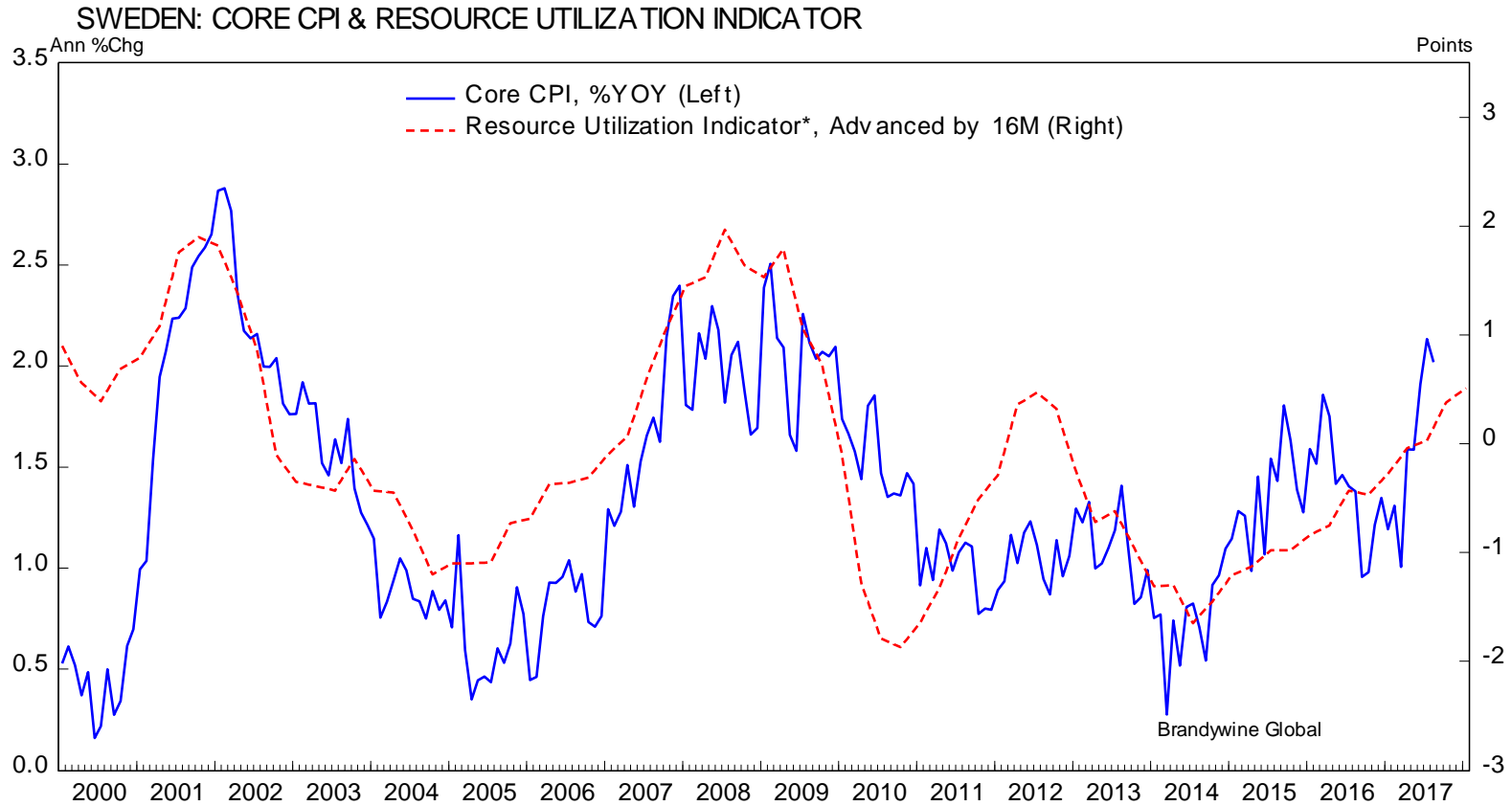


As of 09/30/2017.



As of 06/30/2017.

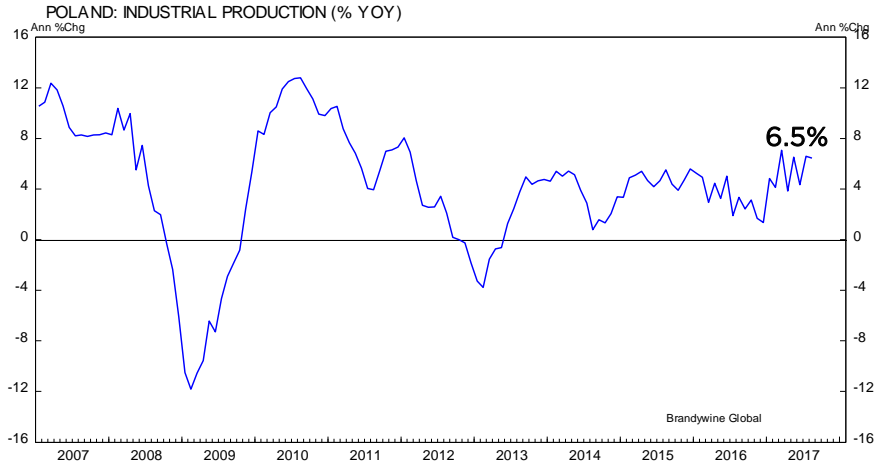
At Some Point, the Riksbank Won't Care If SEK Strengthens vs. Euro



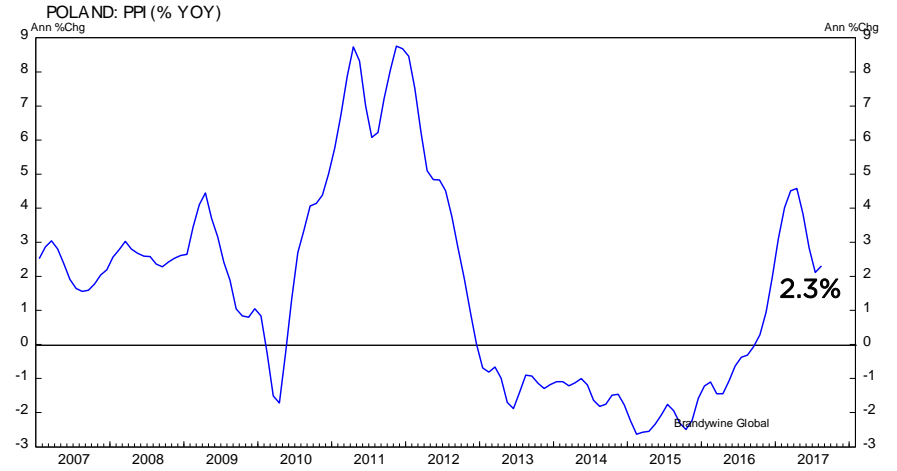
As of 08/31/2017.

*Measures the extent that productive resources (labor & capital) are used in relation to the long-run sustainable level

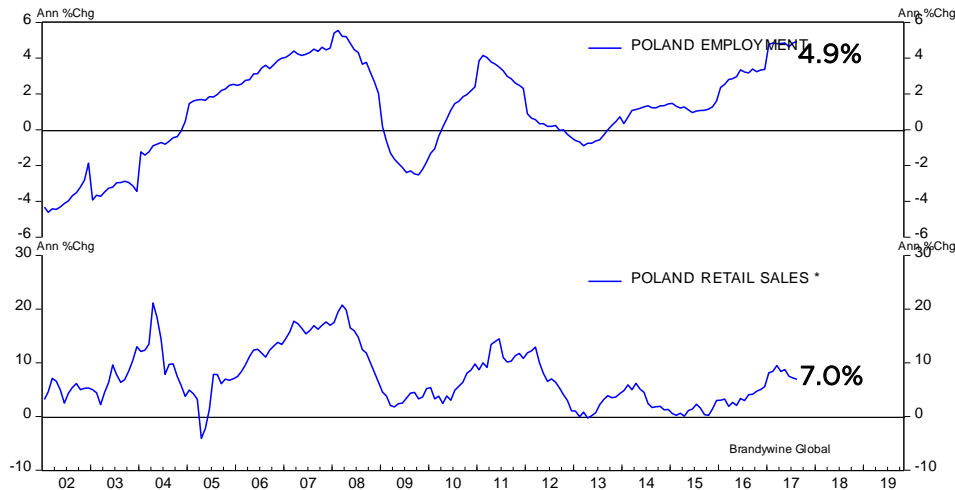
Poland - Eastern Europe Booming as Eurozone Improves



* Shown as 3-month moving average
As of 08/31/2017.

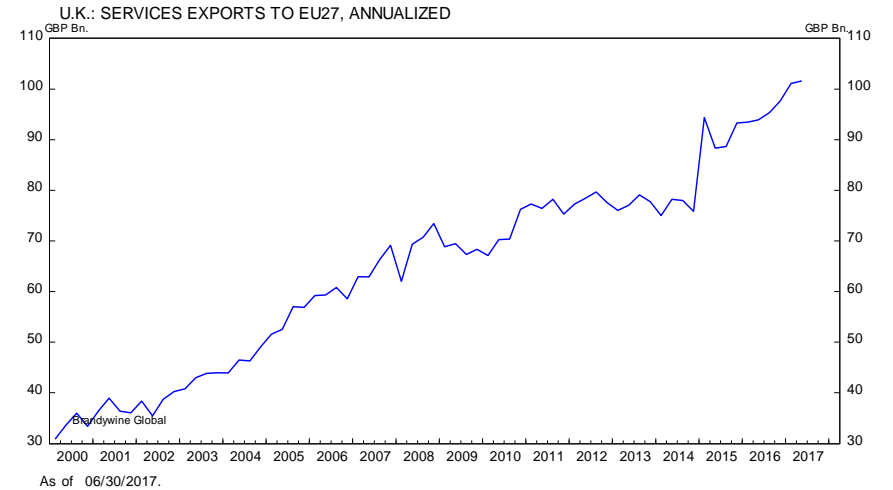
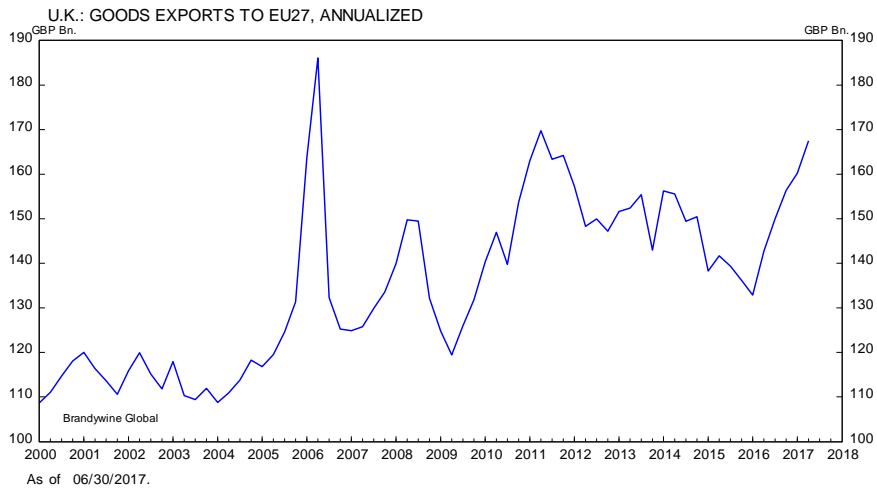
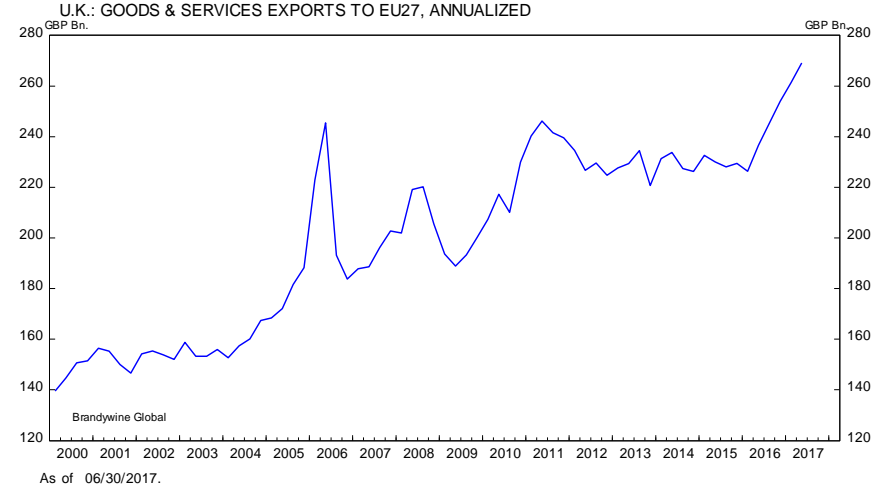
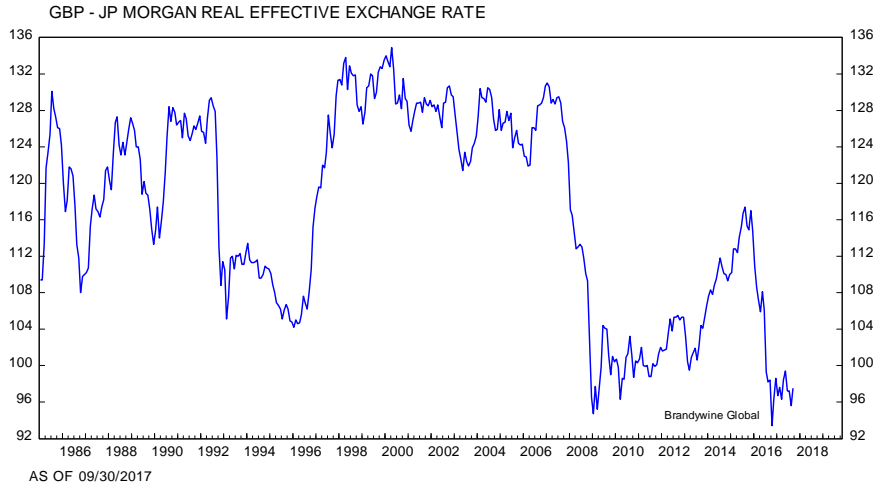


* Shown as 3-month moving average
As of 08/31/2017.

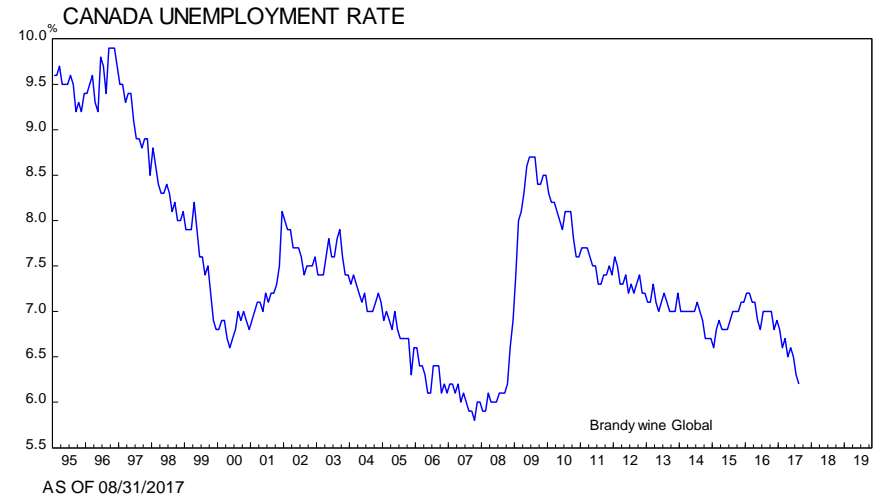
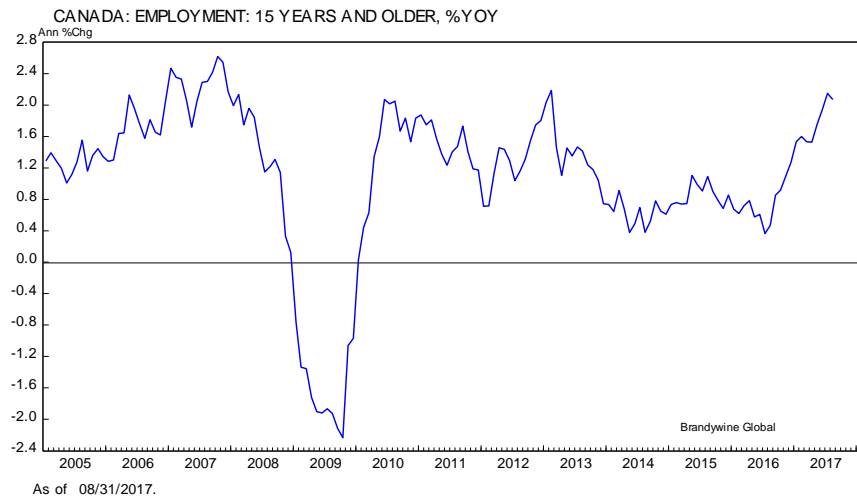
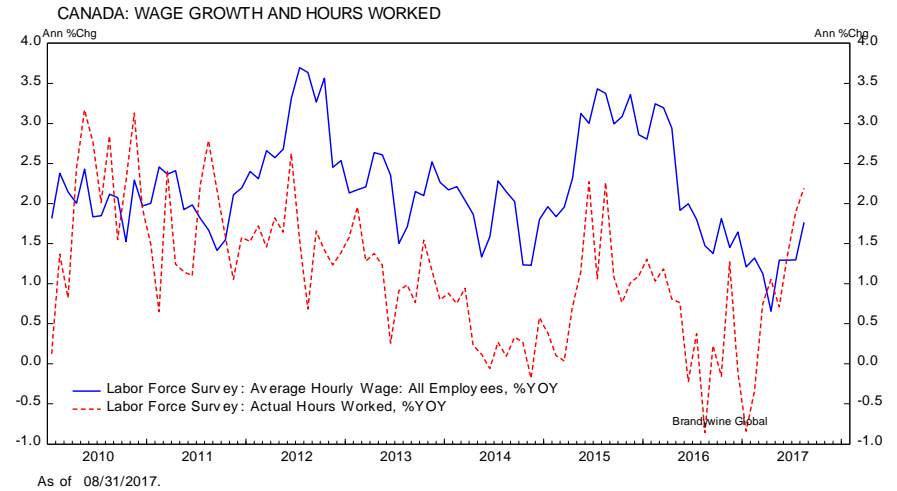
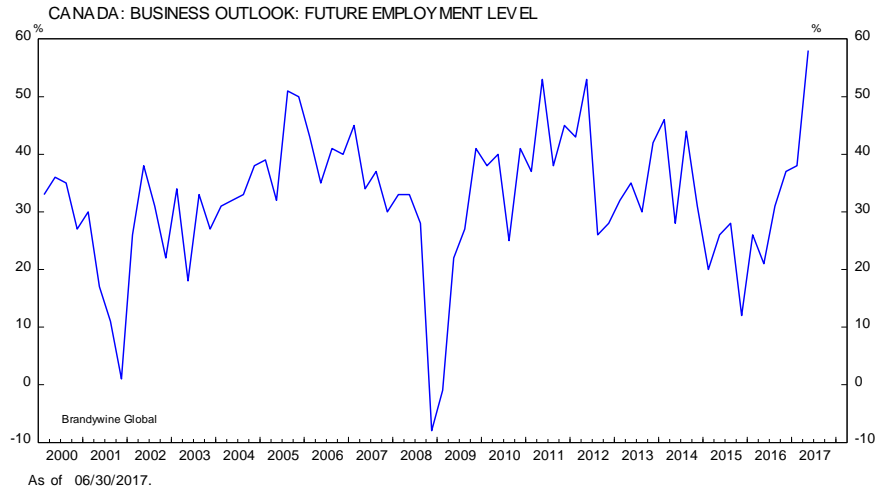


* SHOWN AS A 3-MONTH MOVING AVERAGE
As of 08/31/2017

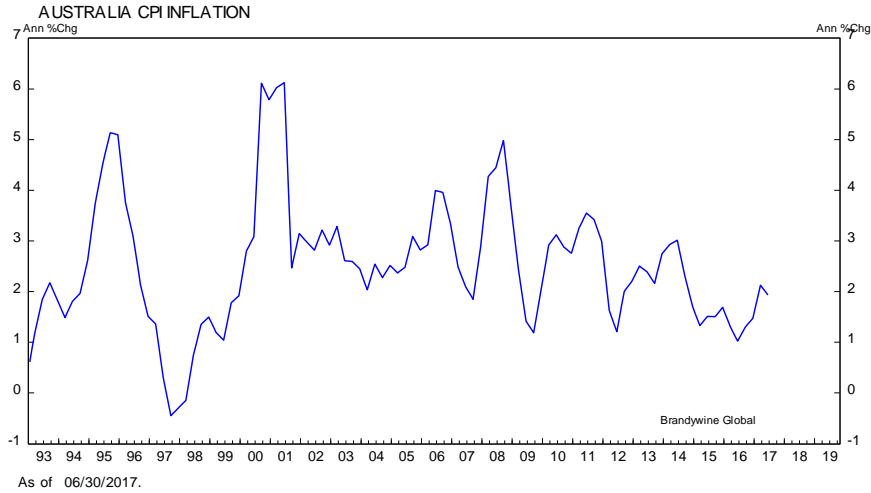
U.K. - Currency Matters!



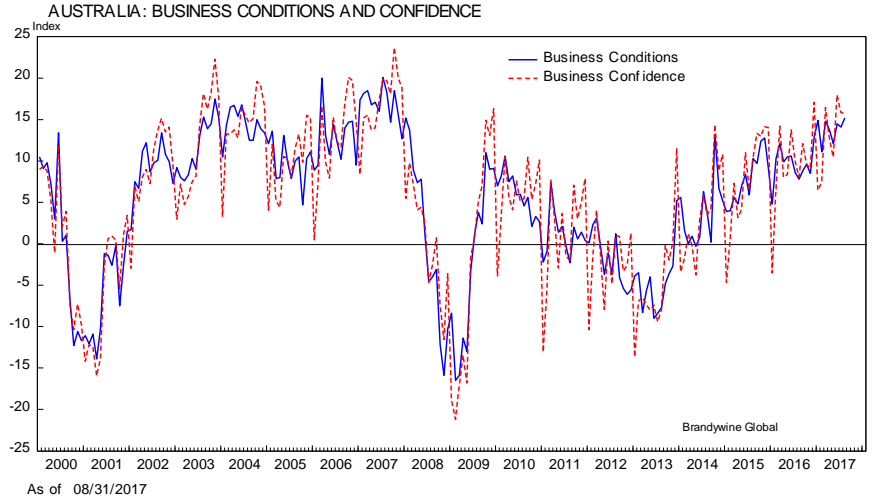
Canada – Putting up Some of the Best Growth Numbers in the Developed Markets



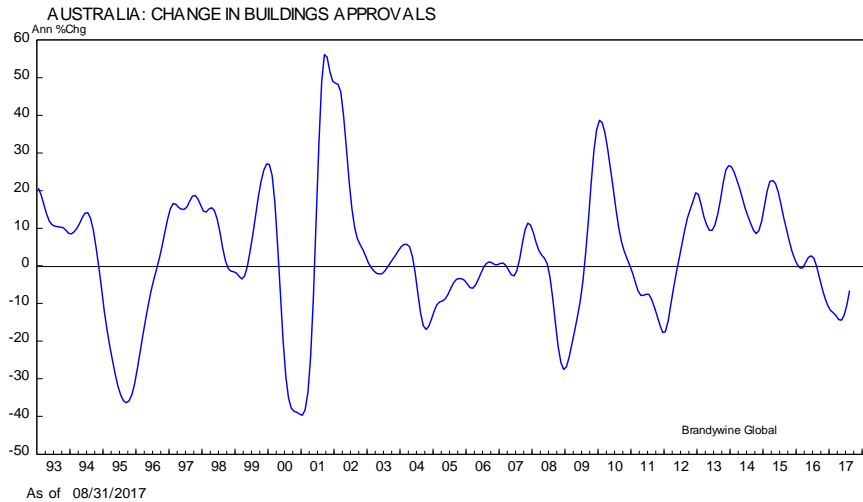
Australia - Trudging Along



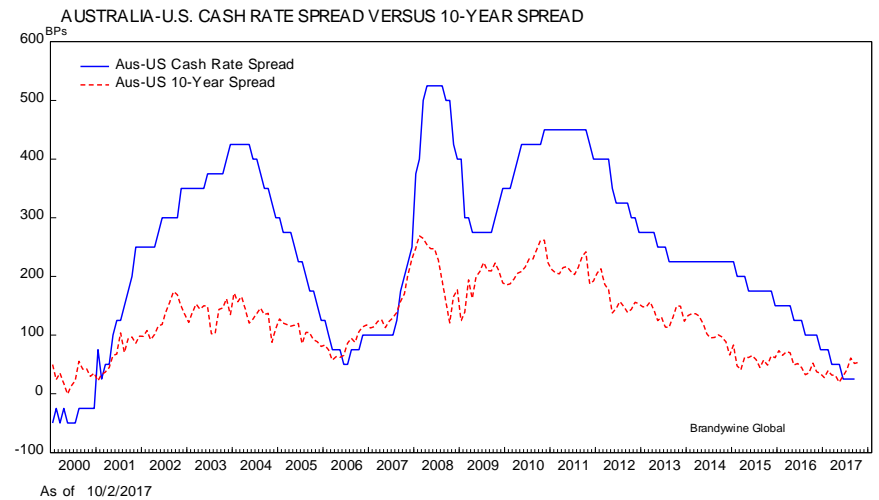
Source: Thomson Reuters



Source: Haver Analytics

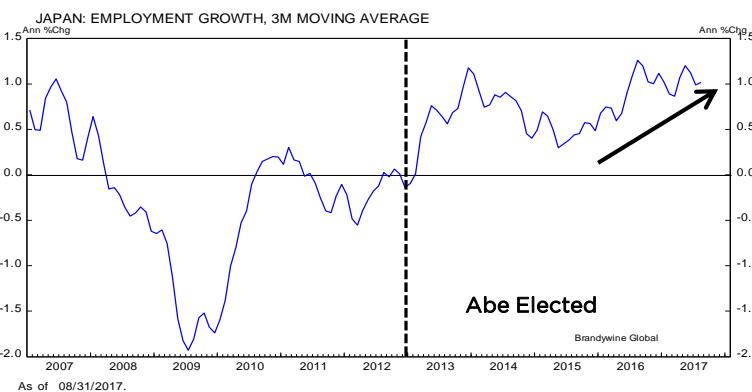
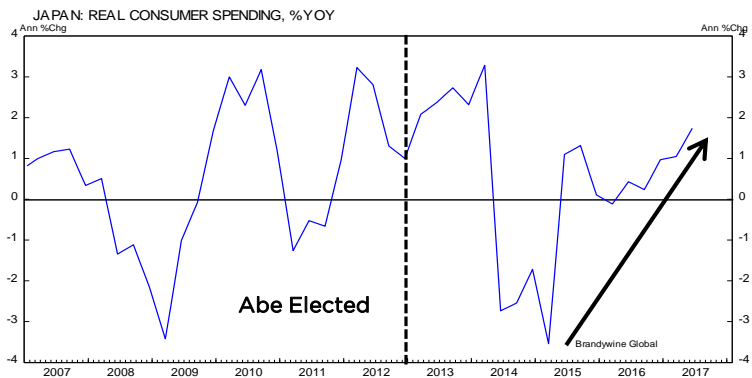
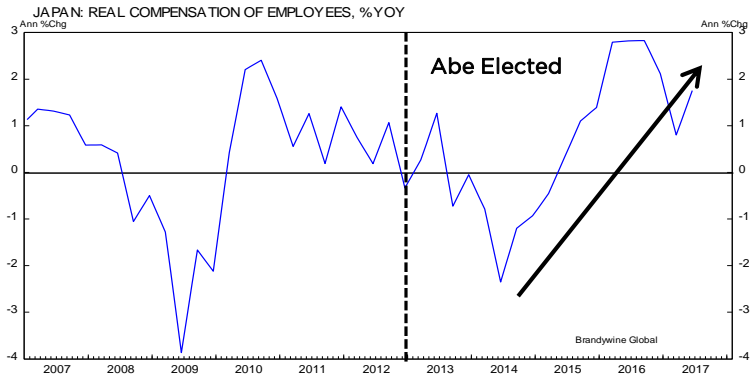


Source: Haver Analytics

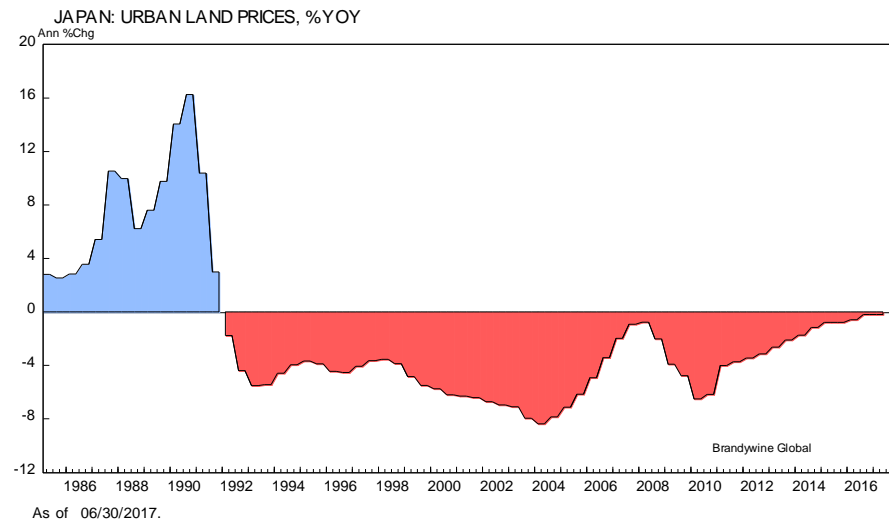
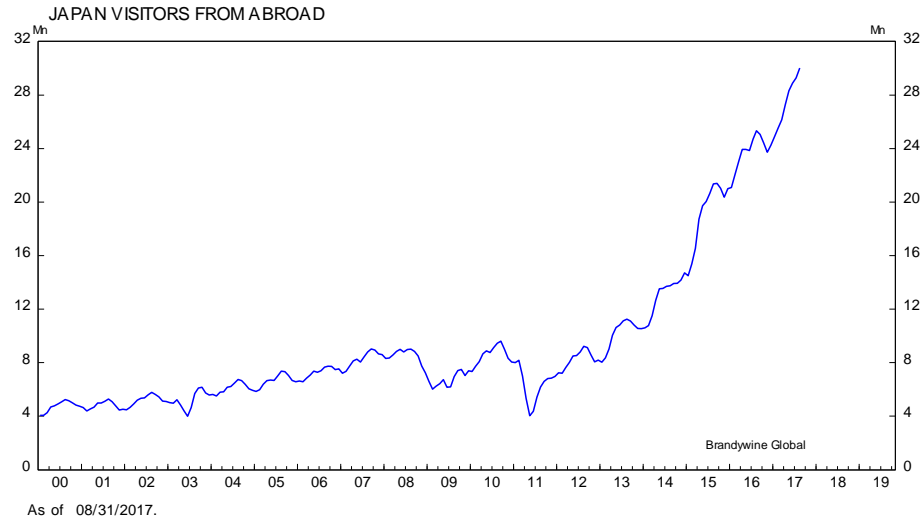


Source: Thomson Reuters

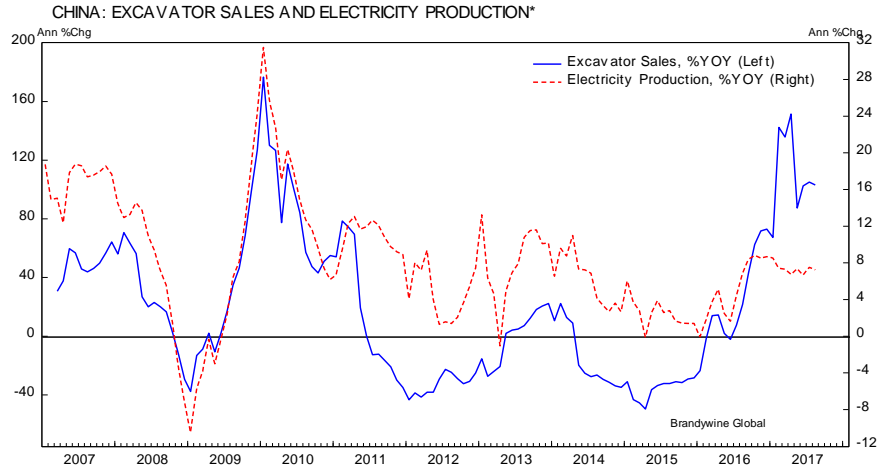
Skepticism About Abenomics – Misplaced?



Japan's 27-Year Bear Market in Real Estate Finally Ends

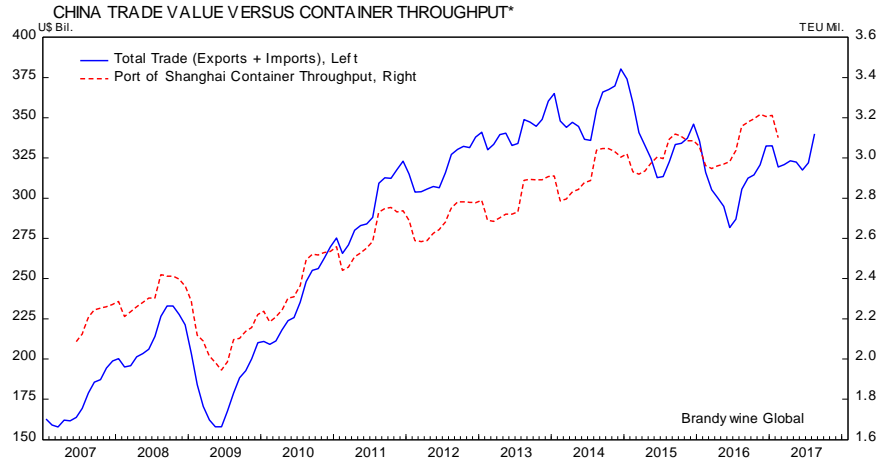


China's Hard Data – Supports Our Thesis



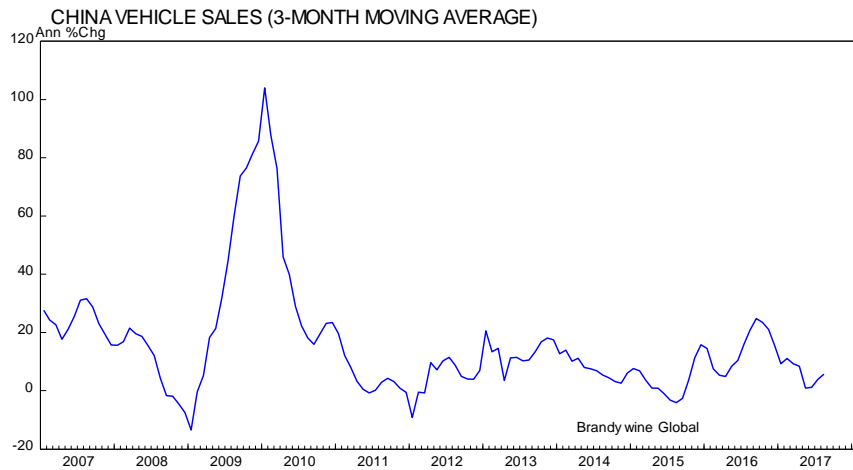
* Shown As 3-Month Moving Average
As of 08/31/2017.

Source: Haver Analytics



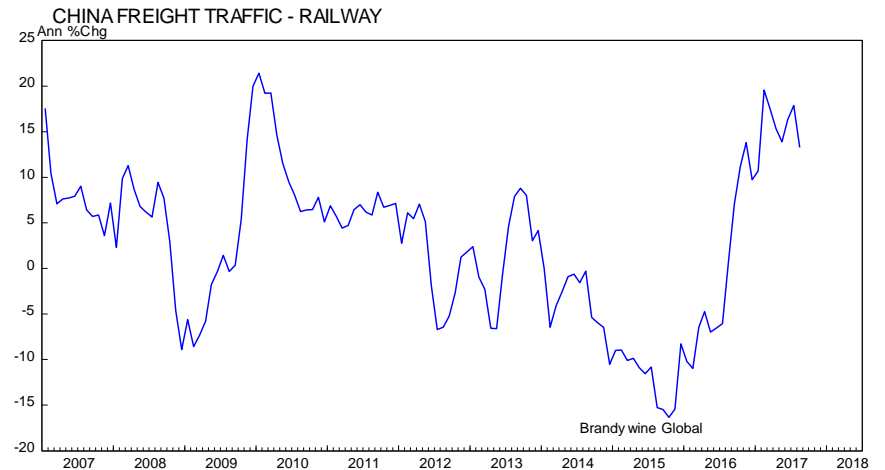
Shown As 6-Month Moving Average
As of 08/31/2017

Source: Haver Analytics



As of 08/31/2017

Source: Thomson Reuters

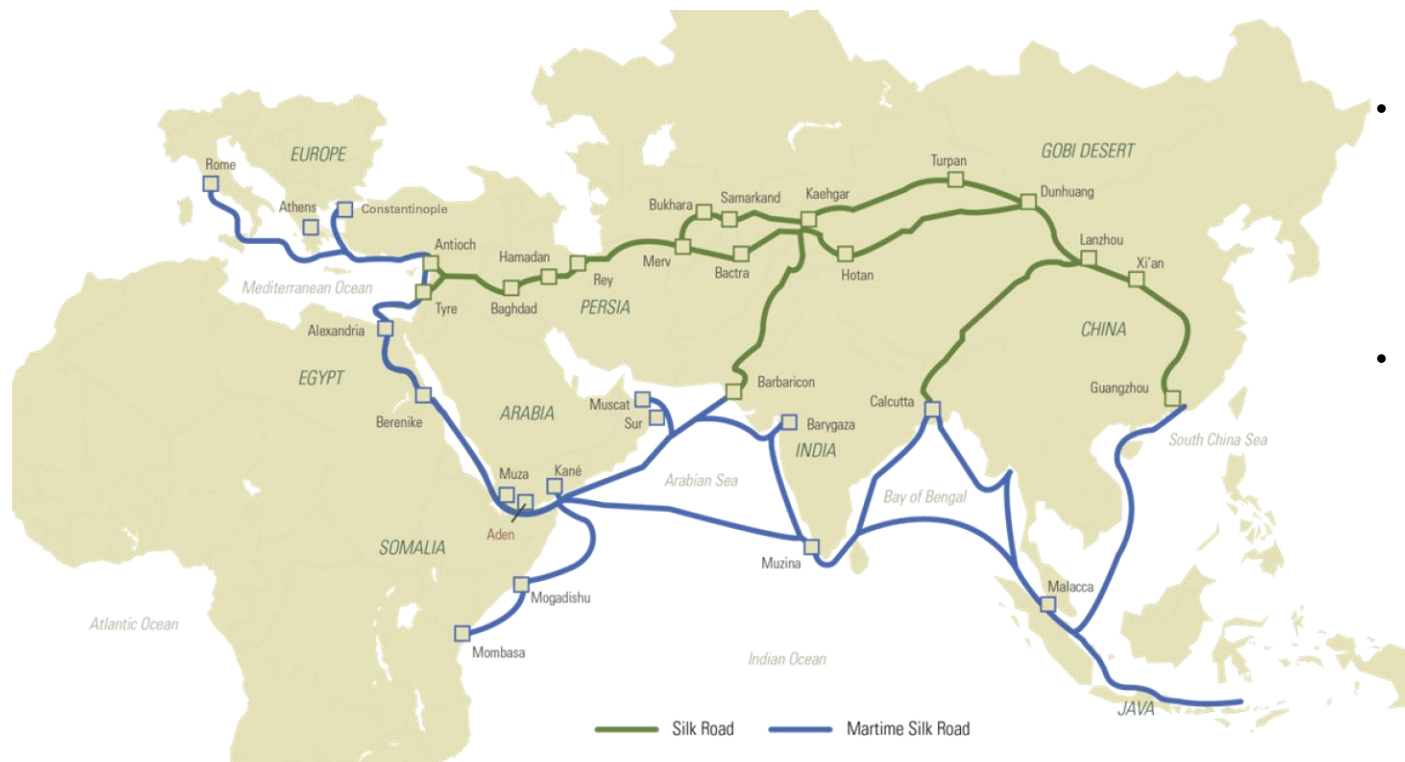


As of 08/31/2017

Source: Thomson Reuters

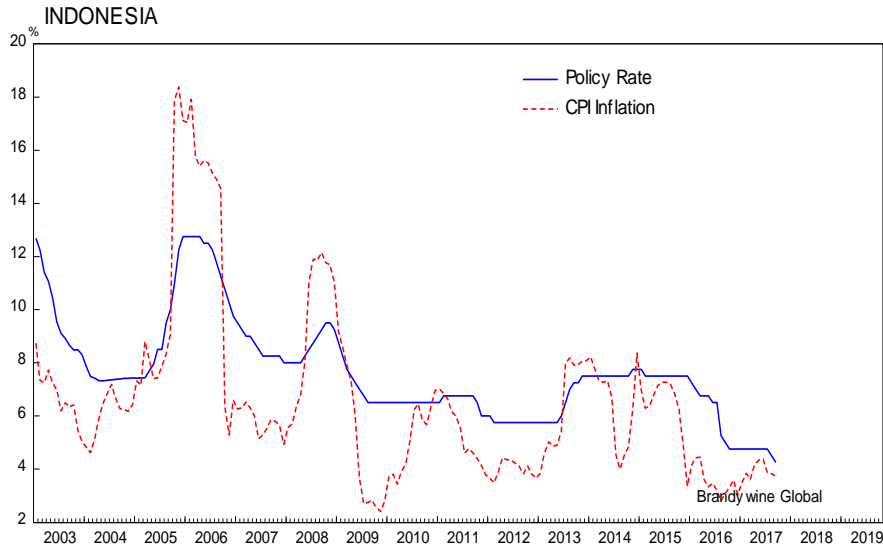
One Belt One Road - Not Just a Q4 2017 Impact on EM Economies

The One Belt One Road program (OBOR) is a development strategy proposed by Chinese President Xi Jinping in 2013 that focuses on connectivity and cooperation between Eurasian countries and China through the land-based "Silk Road Economic Belt" (SREB) and the "Maritime Silk Road" (MSR). It's about building infrastructure, mostly around transport and energy: roads, bridges, gas pipelines, ports, railways, and power plants.

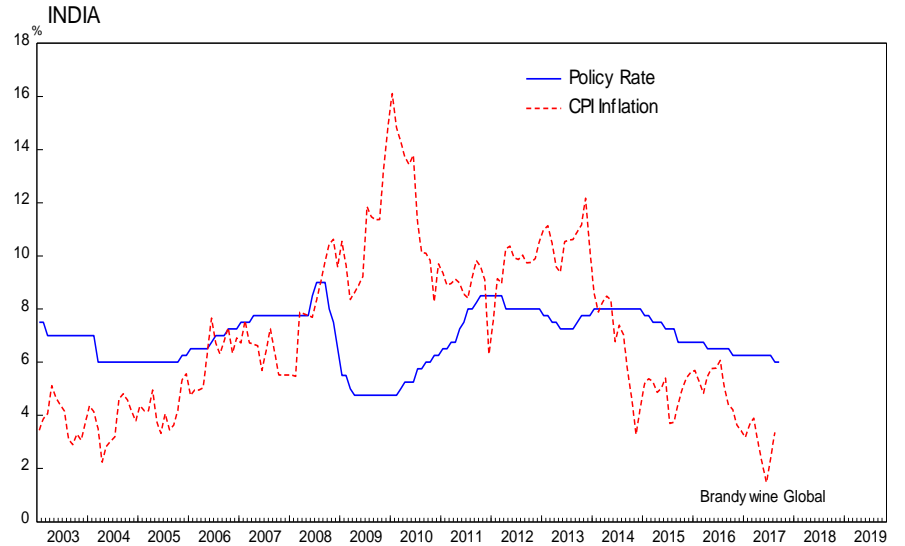


- Involves 65 countries accounting for 62% of the world's population, 40% of world GDP, 75% of global energy resources.
- Anticipated cumulative investment over an uncertain timescale is estimated to be between US\$4 trillion and US\$8 trillion.

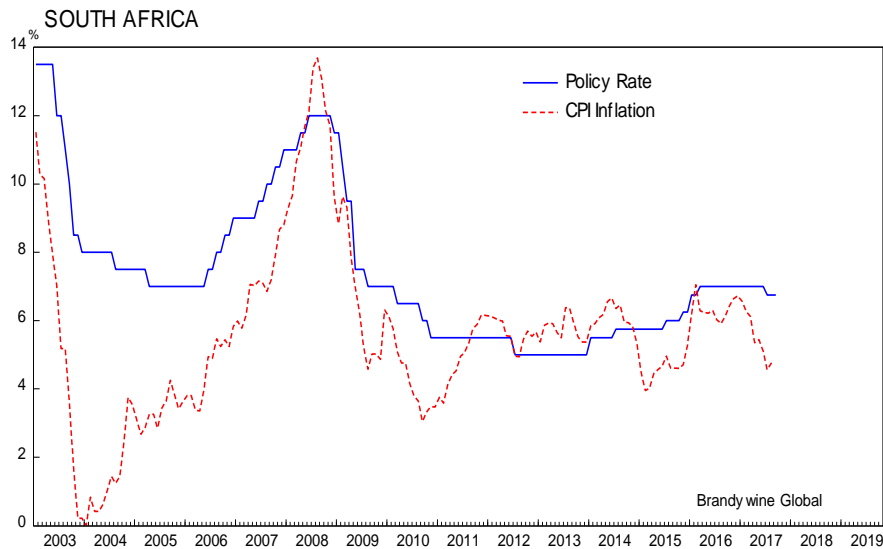
Our Story on EM Monetary Policy Is Playing Out



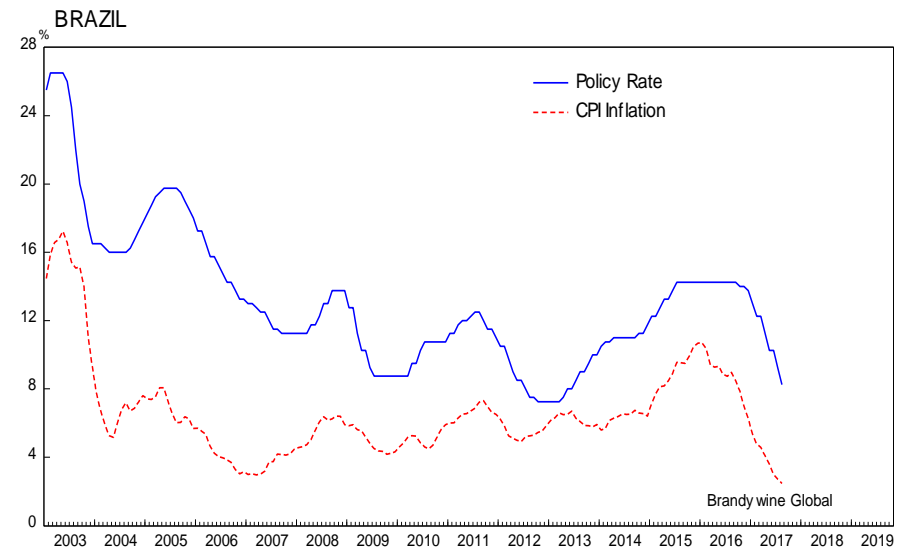
As of 09/30/2017.



As of 09/30/2017.



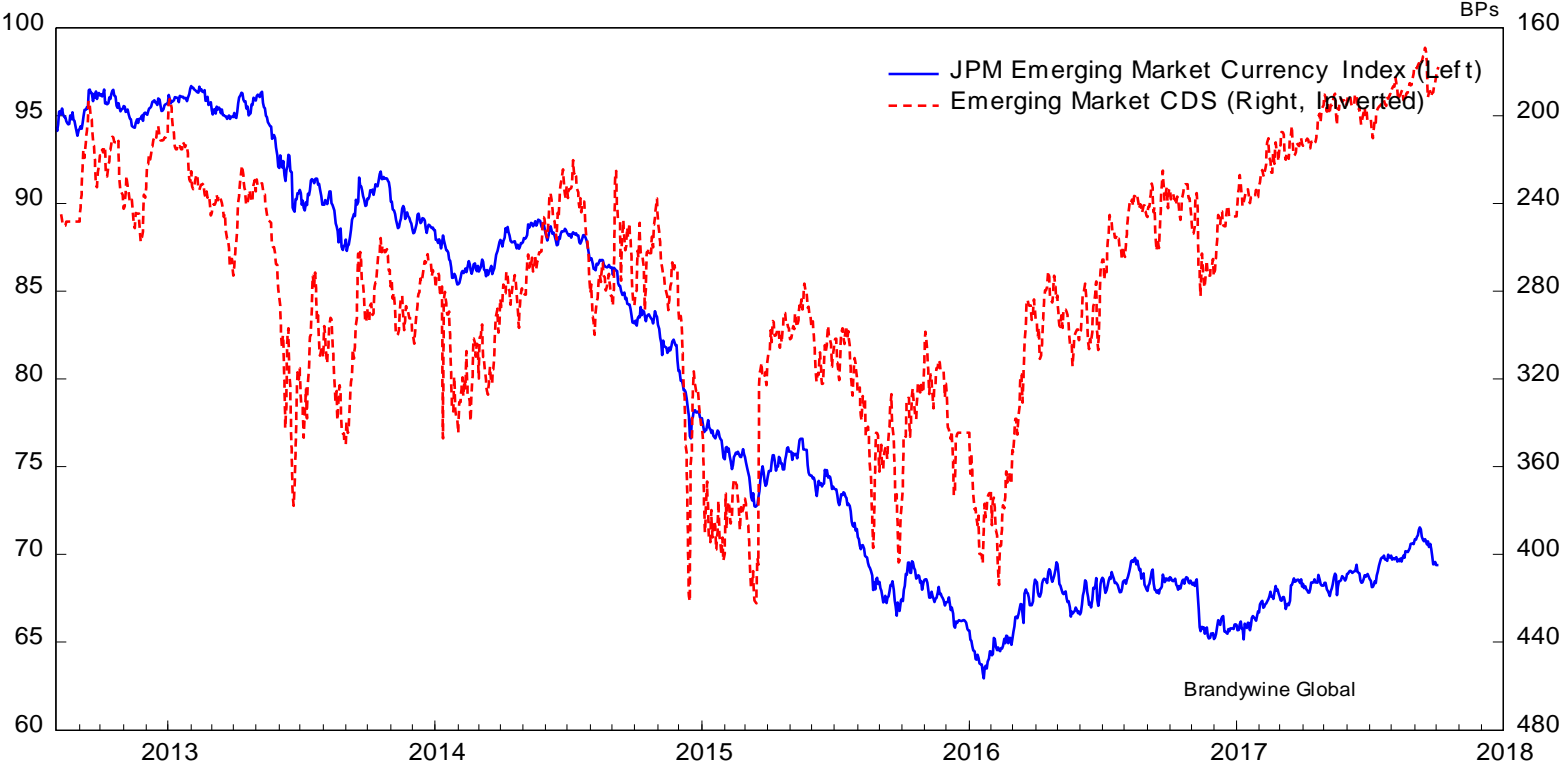
As of 09/30/2017.



As of 08/31/2017.

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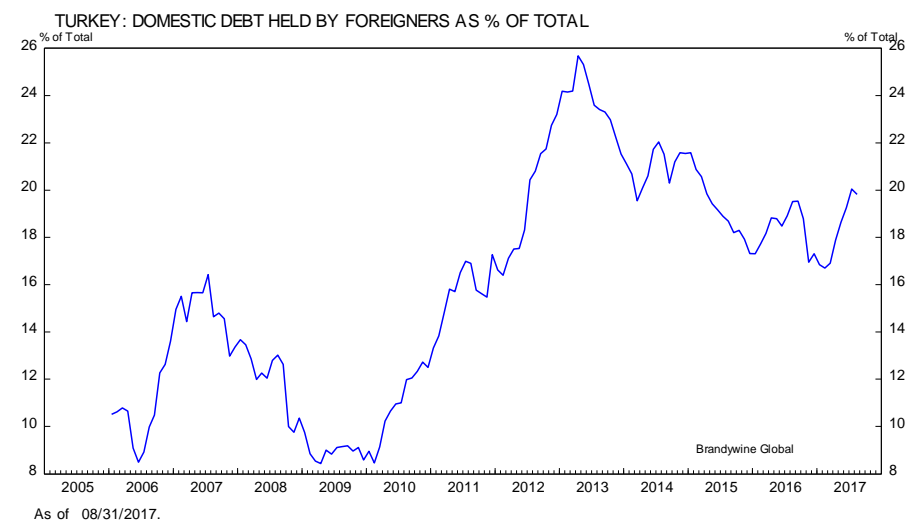
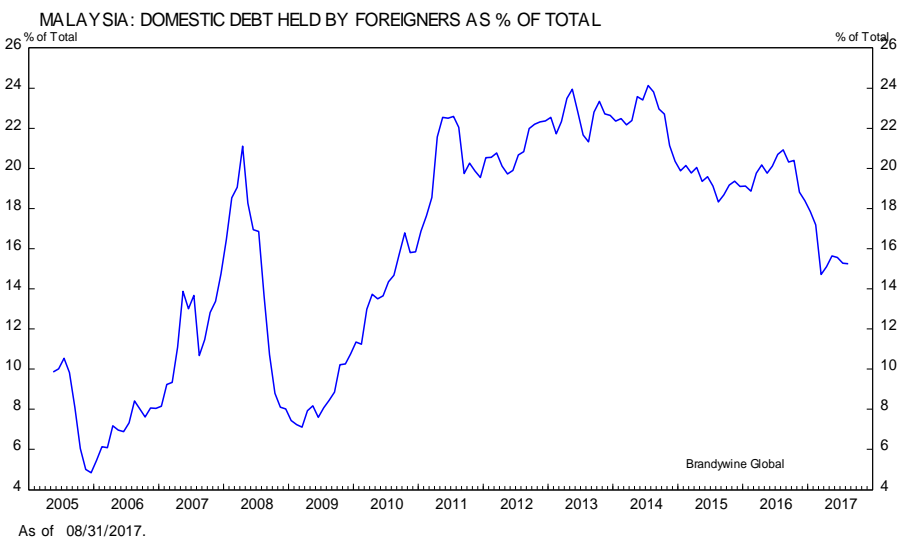
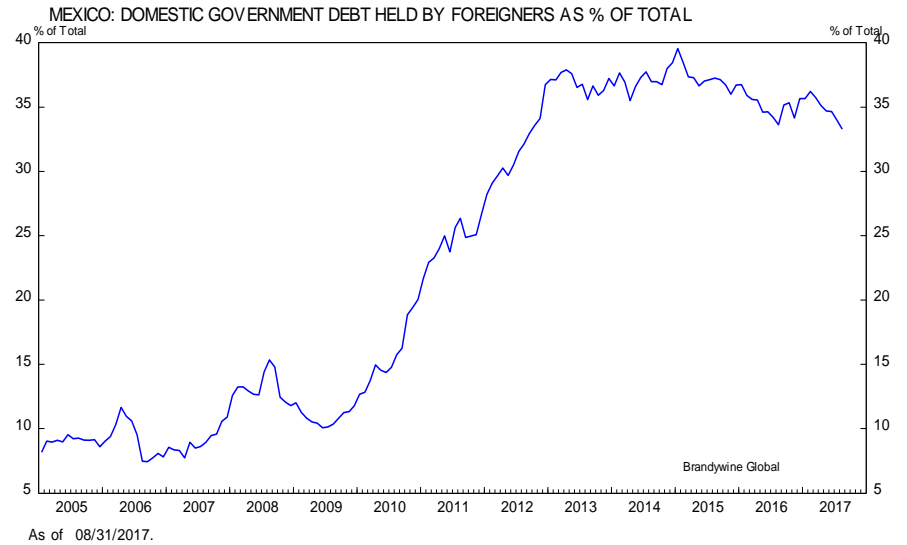
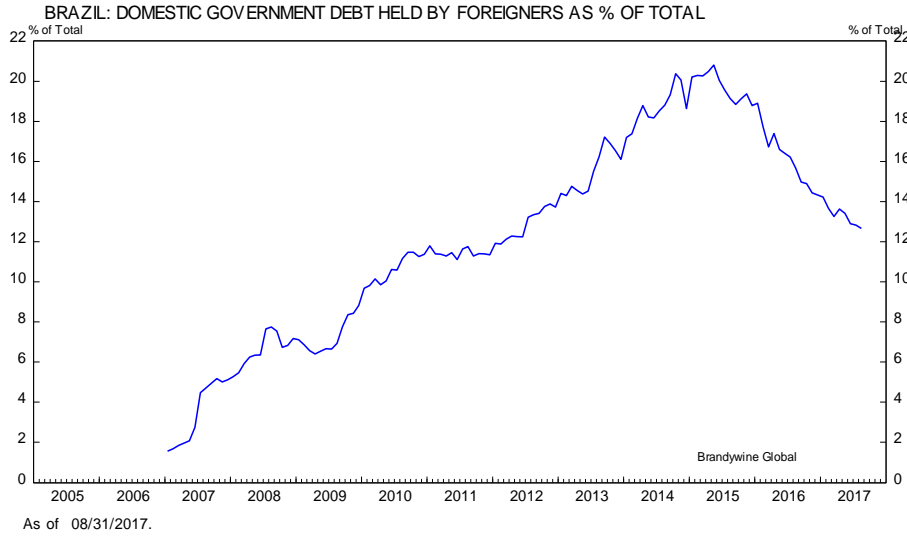
EM Currencies Still Not Reflecting Positive Credit Risk Back Drop



As of 10/4/2017.

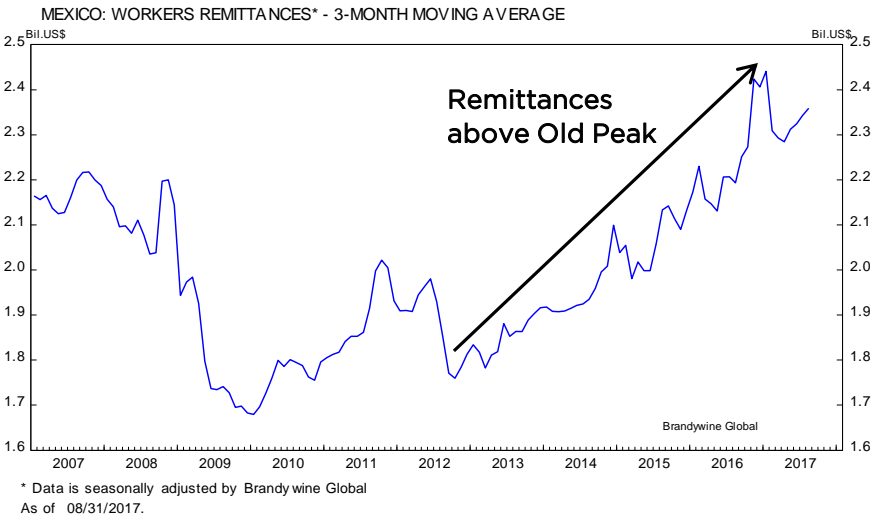
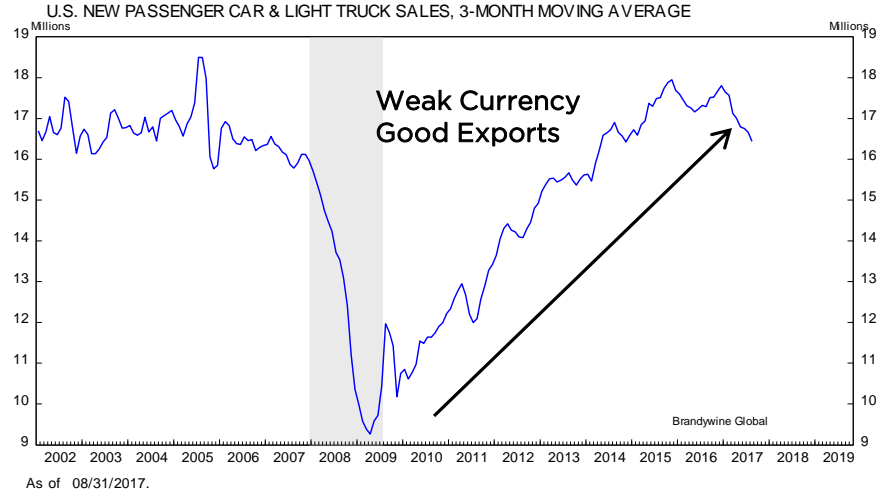
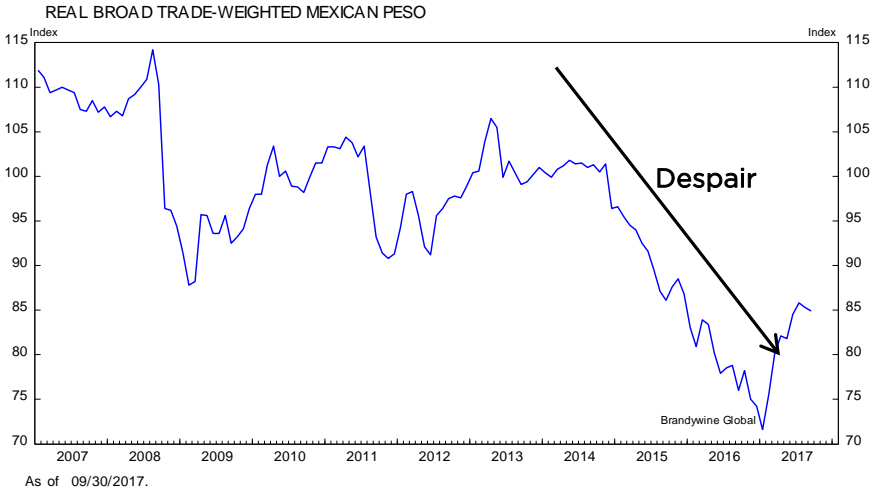
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Positions Alone Won't Derail Positive Trend in EM Bonds, Foreign Bond Ownership Has Moderated Post Taper Tantrum



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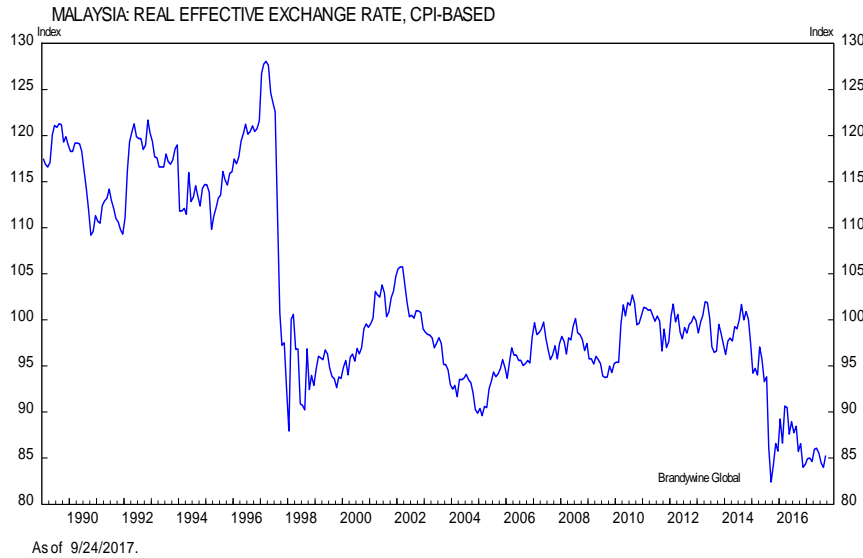
Mexico Is in a Holding Pattern - Thoughtful Negotiations



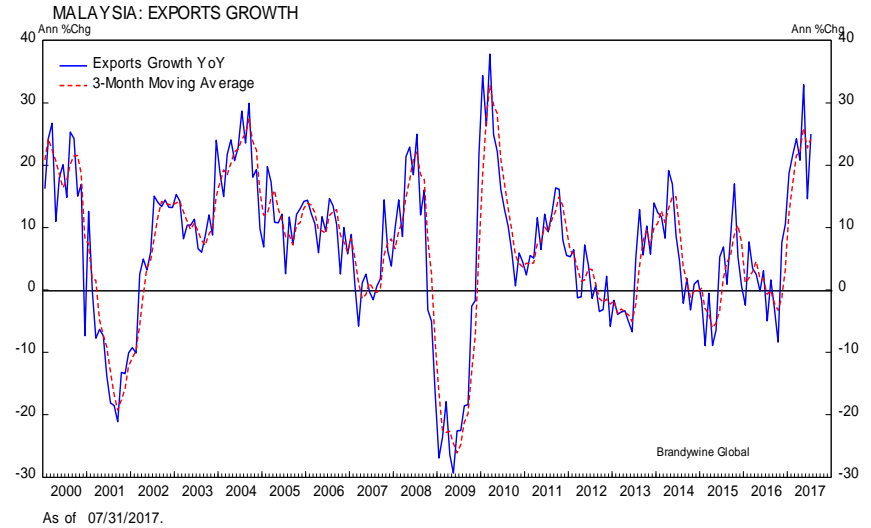
Data has been obtained by Thomson Reuters DataStream (© 2017, Thomson Reuters) which Brandywine Global believes to be accurate and reliable. Charts created by Brandywine Global. Please refer to Appendix 1 for important disclosure information.

Good Way to Be Positioned in Asia – Long Malaysian

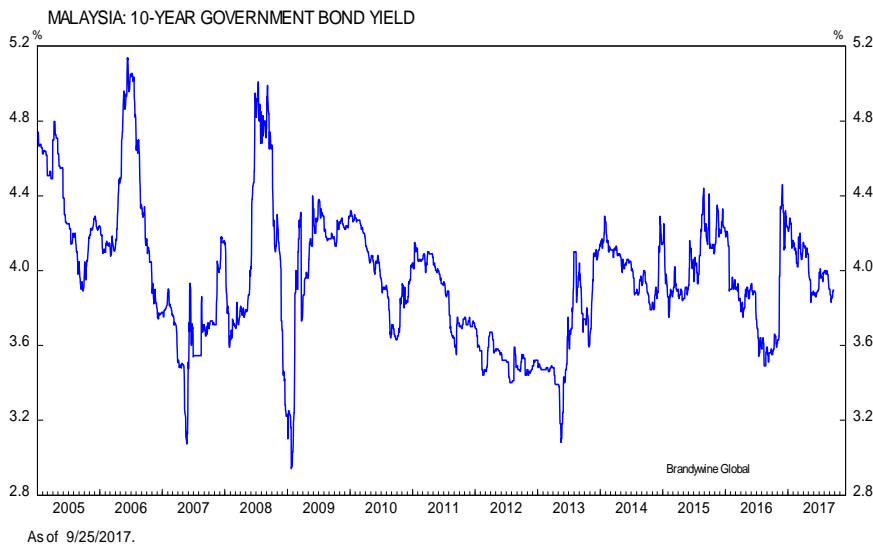
The MYR REER is still near historical lows



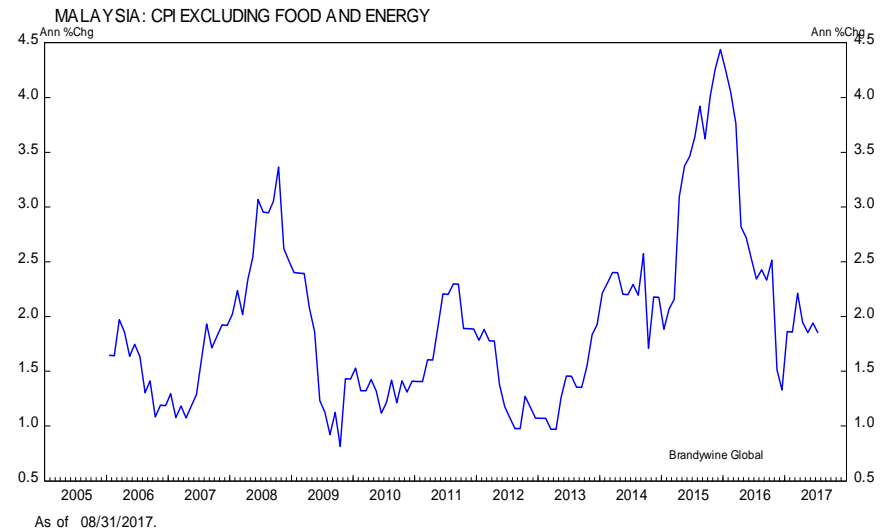
Exports are surging



10Y Bond Yields are closer to the top of their range



Even as inflation has slowed markedly



Appendix 1 – Important Disclosure Information

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Please see attached appendix containing description of indices used in connection with this presentation, if any. All indices are unmanaged and are not available for direct investment. The indices do not incur costs including the payment of transaction costs, fees and other expenses.

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Global Opportunistic Fixed Income Composite Disclosure

As of 9/30/2017 Results shown in USD

Period	Returns (%)					St. Dev. (% 3-Year Rolling)						Returns (%)				
	Composite Gross of Fees	Composite Net of Fees	CWGBI ¹	BLBCW ²	# of Accts	Market Value (MM)	Firm Assets (MM)	Composite Dispersion (%)	Composite	CWGBI ¹	BLBCW ²	Period	Composite Gross of Fees	Composite Net of Fees	CWGBI ¹	BLBCW ²
2017	13.66	13.28	6.38	6.25	25	11,402	73,890	0.39	7.34	5.73	4.81	QTD	3.30	3.19	1.81	1.76
2016	5.73	5.26	1.60	2.09	27	10,337	65,498	0.27	7.53	5.89	4.97	YTD	13.66	13.28	6.38	6.25
2015	-8.04	-8.46	-3.57	-3.15	28	11,427	68,819	0.18	6.19	4.39	3.90	1 Year	6.77	6.29	-2.69	-1.26
2014	6.84	6.36	-0.48	0.59	25	11,888	63,375	0.26	6.66	4.28	3.93	3 Year	3.43	2.97	0.88	1.30
2013	-3.23	-3.67	-4.00	-2.60	27	10,079	50,050	0.18	6.83	4.60	4.36	5 Year	3.28	2.82	-0.43	0.48
2012	14.34	13.83	1.65	4.32	30	9,333	42,894	0.49	6.50	5.52	4.90	7 Year	4.99	4.52	0.80	1.62
2011	8.64	8.15	6.35	5.64	35	6,993	33,122	0.45	8.33	7.57	6.53	10 Year	6.29	5.81	2.95	3.31
2010	13.77	13.27	5.17	5.54	32	5,542	31,996	0.66	11.26	9.26	7.96	Since Inception	8.02	7.49	4.47	4.58
2009	21.10	20.57	2.55	6.93	33	5,532	29,199	1.16	10.95	8.83	7.53					
2008	-8.30	-8.71	10.89	4.79	36	5,120	32,755	1.25	9.17	7.39	6.38					
2007	10.71	10.19	10.95	9.48	35	6,394	49,208	0.24	5.16	5.48	4.40					

Period	Composite Return Gross of Fees (%)				Composite Return Net of Fees (%)				CWGBI ¹ Return (%)				BLBCW ² Return (%)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2017	5.22	4.57	3.30		5.10	4.45	3.19		1.55	2.89	1.81		1.76	2.60	1.76	
2016	8.81	1.66	1.75	-6.06	8.69	1.54	1.64	-6.17	7.09	3.41	0.30	-8.53	5.90	2.89	0.82	-7.07
2015	-0.38	-3.23	-4.15	-0.49	-0.49	-3.34	-4.25	-0.60	-2.51	-1.55	1.71	-1.23	-1.92	-1.18	0.85	-0.92
2014	4.39	4.17	-1.89	0.14	4.27	4.06	-2.00	0.03	2.66	2.27	-3.78	-1.49	2.40	2.47	-3.14	-1.04
2013	-0.11	-3.14	0.28	-0.26	-0.22	-3.25	0.16	-0.37	-2.77	-2.97	2.88	-1.09	-2.10	-2.79	2.80	-0.44
2012	3.30	2.22	5.25	2.88	3.19	2.11	5.13	2.76	-0.51	0.92	2.99	-1.71	0.87	0.62	3.27	-0.48
2011	2.15	2.91	2.48	0.84	2.03	2.79	2.37	0.73	0.66	3.32	2.38	-0.12	1.24	3.10	0.97	0.23
2010	2.55	1.68	10.10	-0.89	2.43	1.57	9.98	-1.01	-1.33	0.29	8.18	-1.76	-0.27	-0.04	7.30	-1.33
2009	-2.67	12.86	9.49	0.69	-2.78	12.74	9.37	0.58	-4.81	3.48	6.16	-1.93	-3.25	4.93	6.23	-0.85
2008	2.19	0.16	-5.41	-5.29	2.07	0.05	-5.52	-5.39	9.66	-4.23	-2.97	8.81	6.63	-2.91	-3.83	5.26
2007	0.98	0.91	5.82	2.66	0.85	0.80	5.71	2.55	1.15	-1.54	7.20	3.92	1.29	-0.89	5.61	3.26

¹CWGBI = Citigroup WGBI (USD) ²BLBCW = Bloomberg Barclays Global Aggregate Inception Date: 1/1/1998 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, 2016, the Firm has been verified by Kreisler 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 Opportunistic Fixed Income Composite (the "Composite") inception date: January 1, 1998. Creation date: January 15, 2002. The Composite includes all fully discretionary, fee-paying, actively managed Global Fixed Income accounts with no minimum market value and flexible country, yield and/or credit quality mandates. Approximately 90% of the holdings consist of debts of governments or related agencies of developed countries with the remaining 10% in debts of governments of emerging countries and corporate high yield opportunities in developed countries that Brandywine believes are going to substantially increase in value due to improving fundamental factors that affect their valuation. The portfolios are typically invested in securities from 10 - 20 different countries. The Composite utilizes over-the-counter forward exchange rate contracts to manage its currency exposure. These contracts are valued daily using closing forward exchange rates. Brandywine Global uses WM/Reuters daily FX rates taken at 4 p.m. London time. Benchmark indices' exchange rates may vary from Brandywine's exchange rates periodically. Benchmark: The Citigroup World Government Bond Index measures the performance of developed countries' global fixed income markets invested in debt issues of U.S. and non-U.S. governmental entities. The Bloomberg Barclays Global Aggregate provides a broad-based measure of the global investment-grade fixed income markets by including agencies, corporates and asset backed issues. 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: \$75 million): 0.450% on the first \$50 million, 0.400% on the next \$50 million, and 0.350% on any portion of assets in excess of \$100 million. Institutional Client Commingled Account Management Investment Trust Fee Schedule (minimum initial investment: \$5 million): 0.450% on the first \$50 million, 0.400% on the next \$50 million, and 0.350% on any portion of the assets in excess of \$100 million. Institutional Client Commingled Account Management Global Investment Trust Fee Schedule (minimum initial investment: \$5 million): 0.450% on the first \$50 million, 0.400% 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.