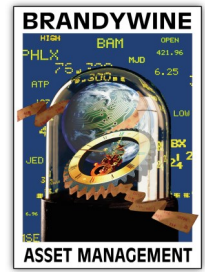


# Brandywine Extended Market Investment Strategy

Q2 2024  
Strategy Fact Sheet



## OBJECTIVE

The Brandywine Extended Market strategy seeks to exceed the return of the Russell 2500 and other small and mid-cap equity blend indexes over a full market cycle, while seeking to limit downside risk.

## STRATEGY

The strategy seeks to maintain exposure to U.S. small and mid-cap equities while protecting the downside using Brandywine's innovation of Risk Replacement. Risk Replacement uses put options to offset equity market risk and seeks to pay for the cost of that option protection by investing in a broadly diversified systematic Return Driver Diversifier.<sup>(1)</sup>

## STRATEGY PERFORMANCE<sup>(2)</sup>

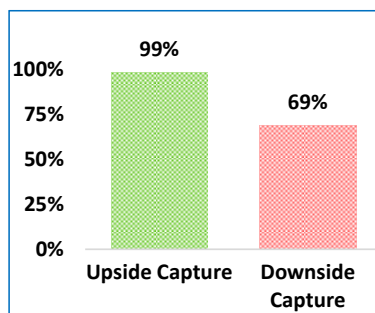
The investment manager has traded the strategies underlying the Return Driver Diversifier in funds and managed accounts beginning in 1991. The returns below include that in verified performance starting in January 2013, together with actual performance, as described in the footnotes and disclaimers.

Strategy & Benchmark	YTD	3 Month	1 Year	3 Year	5 Year	10 Year	Since Inception
Brandywine Extended Market	5.79%	-2.31%	15.25%	4.45%	12.33%	11.35%	13.67%
Russell 2500 TR	2.35%	-4.27%	10.47%	-0.29%	8.31%	7.99%	10.42%

## ANNUAL RETURNS<sup>(2)</sup>

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
BEM	23.8%	-17.3%	19.7%	26.5%	30.3%	-3.7%	22.7%	12.2%	-2.3%	16.3%
R2500	17.4%	-18.4%	18.2%	20.0%	27.8%	-10.0%	16.8%	17.6%	-2.9%	7.1%

## CAPTURE RATIO



## SUMMARY PERFORMANCE & RISK METRICS - HYPOTHETICAL<sup>(3)</sup>

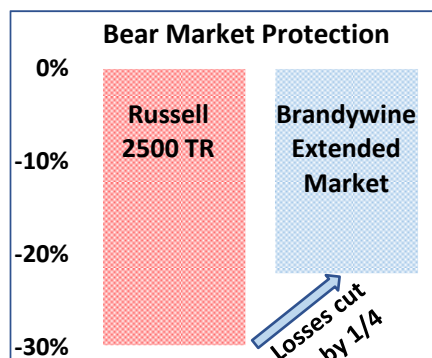
Brandywine Extended Market vs. Russell 2500 TR		
	BEM	R2500
Years	11 1/2	11 1/2
Annual RoR	13.7%	10.4%
Max Drawdown	-20.8%	-29.7%
Sharpe Ratio	0.57	0.27
Information Ratio	0.55	-

## PROTECTION IN BEAR MARKETS

### Average Loss During the COVID Crash and 2022 Bear Market

Russell 2500: **-27.3%**  
Brandywine Extended Market: **-20.5%**

Had you been invested in Brandywine Extended Market instead of the Russell 2500 you would have been **protected from 1/4 of the losses**, while still preserving the upside potential.



## Investment Philosophy:

### Reduced Loss = Increased Returns

The Russell 2500 dropped more than 24% during the 2022 bear market and almost 30% during the COVID crash. By reducing those losses to just -21%, investors can start their recovery from higher levels.

The result is not only reduced recovery time but also potentially increased returns. This is why the Brandywine Extended Market strategy has the potential to exceed the returns of the Russell 2500 over a full market cycle.

### How Brandywine does it: Brandywine's Innovation of "Risk Replacement"

Risk Replacement retains the upside potential of owning the Russell 2500 but offsets a portion of its high risk with the reduced risk of a portfolio diversified across dozens of Return Drivers.

Brandywine Extended Market:

- Holds significant long position in U.S. small and mid-cap equities
- Buys put options to offset a portion of the downside risk, then
- Seeks to pay for the cost of the put protection by investing in a more broadly diversified overlay portfolio, the Return Driver Diversifier.

That's it. 100% equity exposure is maintained. But a portion of the *risk* of owning the Russell 2500 is *replaced* by the lower risk of holding a smaller allocation made to Brandywine's Return Driver Diversifier.

## CONTACT INFORMATION

For Investment related questions please contact Rob Proctor at Brandywine Asset Management at: 610-361-1000 x102 or [rob@brandywine.com](mailto:rob@brandywine.com). You may also use this calendal link to schedule a call: <https://connect.brandywine.com/meetings/robproctor/zoom>

## Risk Analysis 5-Year

## Brandywine Extended Market

### Investment

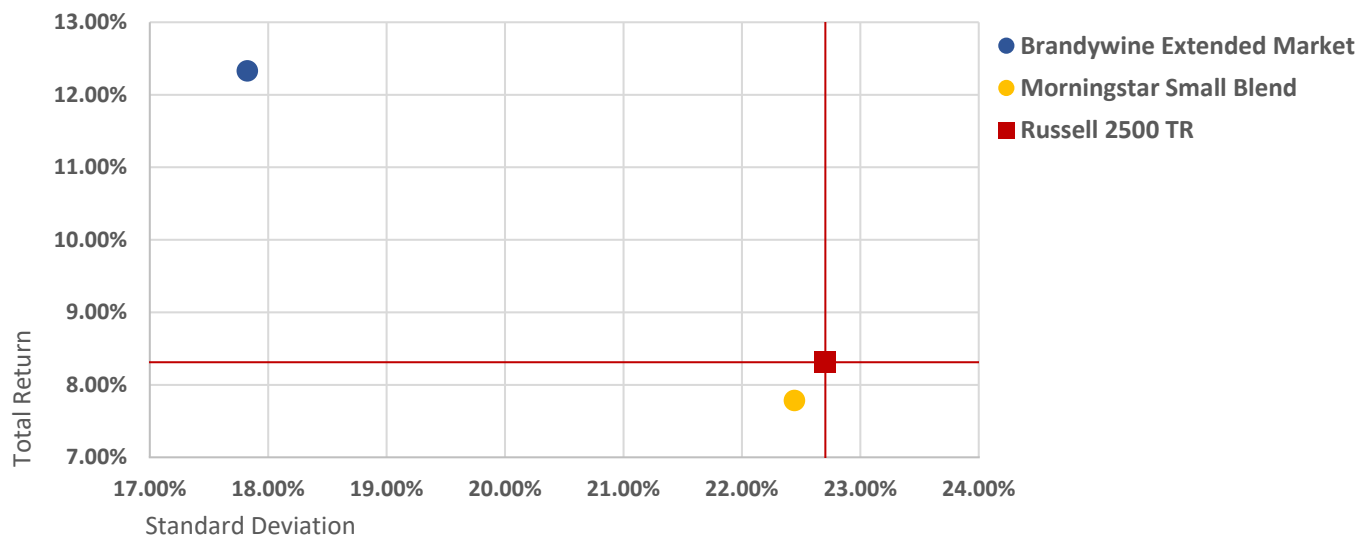
Brandywine Extended Market

### Morningstar Benchmark

Morningstar Small Blend

### Calculation Benchmark

Russell 2500 TR



USD | Category: Morningstar Small Blend | Index: Russell 2500 TR | Return and Standard Deviation as of June 30, 2024

### Risk & Volatility Measures

Trailing	Brandywine Extended Market	Morningstar Small Blend
Alpha	4.72	(0.39)
Beta	0.75	0.98
R <sup>2</sup>	96.26	99.19
Sharpe Ratio	0.57	0.25
Standard Deviation	17.82	22.44

USD | All Measures as of June 30, 2024 | Calculation Benchmark: Russell 2500 TR

### Market Volatility Measures

Capture Ratios	Brandywine Extended Market	Morningstar Small Blend
Upside	94	99
Downside	68	101

Drawdown	Brandywine Extended Market %	Morningstar Small Blend %
Maximum	-20.83	-32.44

Drawdown Peak Date	Drawdown Valley Date	Max Drawdown Duration
December 2019	March 2020	3 Months

USD | As of June 30, 2024 | Calculation Benchmark: Russell 2500 TR | Drawdown as of June 30, 2024

## FOOTNOTES & DISCLAIMERS

(1) A “Return Driver” is the primary underlying condition that drives the price of a market. The “Return Driver Diversifier” is a portfolio comprised of numerous Return Drivers trading across dozens of uncorrelated markets. As espoused by modern portfolio theory, this enables the creation of a lower risk portfolio used to pay for the cost of the strategy’s put protection and is a primary element of Brandywine’s innovation of Risk Replacement.

(2) “Strategy Performance” includes performance that has been independently verified by Alpha Performance Verification Services for the period January 2013 through April 2023, plus the actual performance of the Brandywine Extended Market Founders Class fund as reported by the Fund’s trustee beginning in May 2023. “Since Inception” starts in January 2013. The performance prior to May 2023, although verified, is considered hypothetical. The strategy combines significant exposure to the Russell 2500 and related equity indexes, which may be obtained through the purchase of individual equities, mutual funds, ETFs or futures, with Brandywine’s Risk Replacement methodology. This includes the performance of the strategy’s put option protection, which assumes the quarterly purchase of one-year put options covering a portion of the account value, and an investment in Brandywine’s Return Driver Diversifier. Performance throughout the verified and actual period is reduced for the fees and expenses displayed in the table below.

The actual performance of Brandywine’s Return Driver Diversifier during the verified period is based on the actual trading performance of Brandywine’s futures trading programs from January 2013 through June 2018 and June 2020 through February 2023, and actual trading beginning in May 2023. The tested performance includes the periods July 2018 through May 2020, and March through April 2023. All performance is based on the performance of an initial \$10,000 investment, with dividends and other earnings reinvested and based on monthly settlement prices for all investments in the strategy.

The effect of material market or economic conditions on the strategy’s performance may result in performance for the strategy that varies from that of its benchmark index. For example, the use of put protection in the actual performance of the strategy may result in the strategy losing less when the strategy’s benchmark index falls and in periods of strong benchmark index performance the strategy may underperform if the performance of the Return Driver Diversifier does not offset the losses incurred by the put protection.

Potential investors are encouraged to contact Brandywine with any questions related to the performance of the strategy, which is based on Brandywine’s actual trading experience starting in 1991, in order to better understand how the risks and limitations of the strategy may affect any investment decisions to the extent they may not be reflected in the actual and backtested performance.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE. THERE IS THE RISK OF LOSS AS WELL AS THE OPPORTUNITY FOR GAIN WHEN INVESTING IN THIS STRATEGY. HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY ANY PARTICULAR TRADING PROGRAM. ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THAT THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK, AND NO HYPOTHETICAL TRADING RECORD CAN COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK IN ACTUAL TRADING. FOR EXAMPLE, THE ABILITY TO WITHSTAND LOSSES OR TO ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ALSO ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THE MARKETS IN GENERAL OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS AND ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS.

(3) “Annual RoR” (Rate of Return) and “Max Drawdown” are from the start of the verified performance period beginning January 2013. “Sharpe Ratio” and “Information Ratio” are calculated over the past five years.

Annual Operating Expense	
	Annual Percentage Rate
Trustee/Management Expenses	0.60%
Estimated Acquired Fund Fees	0.04%
Estimated Administrative Expenses	0.05%
Total Annual Operating Expense	0.69%

Annual effect on the Fund’s operating expense on \$1,000 is \$6.90

Prior year portfolio turnover: 66% (ramp-up period during 1st year of trading)

## ABOUT BRANDYWINE

Founded in 1982, Brandywine Asset Management has a 40 year legacy of investment research, management and innovation. Brandywine’s founder and CEO is a featured subject in three books and wrote a best-selling book describing Brandywine’s Return Driver based investment approach. This is a key component of Brandywine’s innovation of Risk Replacement. Investors can participate in the Brandywine Extended Market strategy through managed accounts or funds. Related CUSIP: 10532X707.