

MERSLA (Municipal Employees' Retirement System of Louisiana)

Global Opportunistic Fixed Income

October 18, 2018

Presented by

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Agenda

Firm and Team Update

Global Opportunistic Fixed Income

Macro Overview



Brandywine Global Investment Management, LLC

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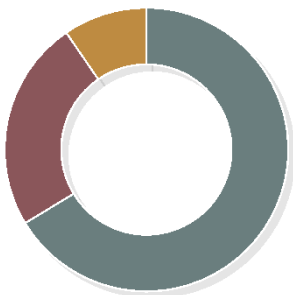
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brandywineglobal.com

Experience and Stability with a Global Presence

\$76.3B*

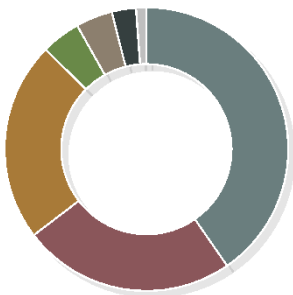
Total AUM as of 9/30/2018



By Asset Class

USD Billions

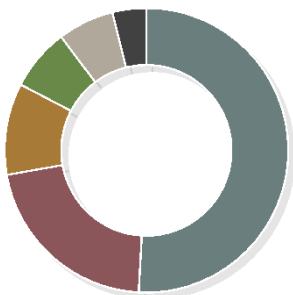
■ Fixed Income	50.6
■ Equity*	18.4
■ Alternatives	7.3



By Client Type

USD Billions

■ Subadvisory	30.8
■ Pension	18.6
■ Government	17.4
■ Corporate/Operating	3.4
■ Endowment/Foundation	3.2
■ Non-Discretionary	2.1
■ Individual Investor	0.8



By Region

USD Billions

■ USA	38.9
■ EMEA	16.6
■ Japan	7.8
■ Asia Pacific Ex-Japan	5.5
■ Australia/New Zealand	4.8
■ Canada	2.7

Experienced and Tenured

- › Founded in 1986 with headquarters in Philadelphia and offices in San Francisco, Toronto¹, Montreal¹, London², and Singapore³
- › 250 employees worldwide
- › Signatory of the UN-supported Principles for Responsible Investment (PRI)

Independent with Global Support

- › Structure combines investment autonomy with access to broad global resources
- › Managed by investors, executive board includes senior portfolio managers averaging over 25 years with the firm and 36 years in the industry
- › An independent affiliate of Legg Mason⁴ since 1998, we retain full control over investments, hiring, and compensation
- › Cost efficiencies and scale gained from Legg Mason shared corporate services

*Fundamental Equity Non-Discretionary assets of \$2.1bn are included in AUM numbers. Non-discretionary assets are reported on a one-month lag.

¹Brandywine Global Investment Management (Canada), ULC; ²Brandywine Global Investment Management (Europe) Limited is authorized and regulated by the Financial Conduct Authority (the "FCA"). (FRN 472774), registered in England and Wales, No. 06324517; ³Brandywine Global Investment Management (Asia) Pte. Ltd.

⁴As a wholly owned subsidiary of Legg Mason, Brandywine Global is affiliated through common ownership with all of Legg Mason's other subsidiaries and joint ventures. Please refer to Part 2 of our ADV for a discussion of the affiliates with whom Brandywine Global has a direct business relationship; for example, where we provide advisory services.

Global Fixed Income

Macro-driven global bond strategies that seek attractive long-term total returns by identifying pricing anomalies across countries, sectors, and currencies

\$57.9B AUM



Fundamental Equity

Equity strategies that employ top-down and bottom-up analysis to identify high-conviction ideas in companies with overlooked or improving fundamentals

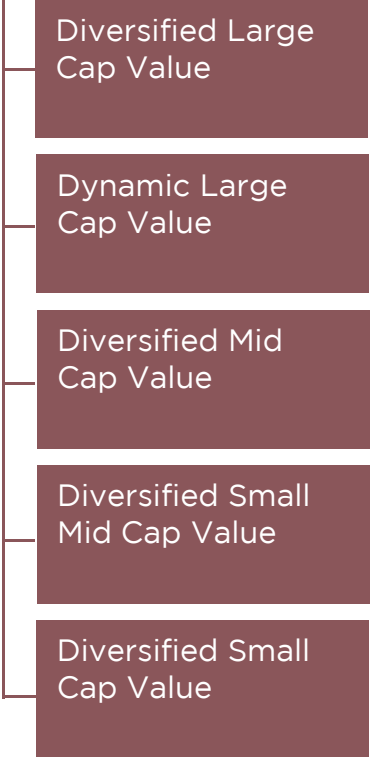
\$7.5B* AUM



Diversified Value Equity

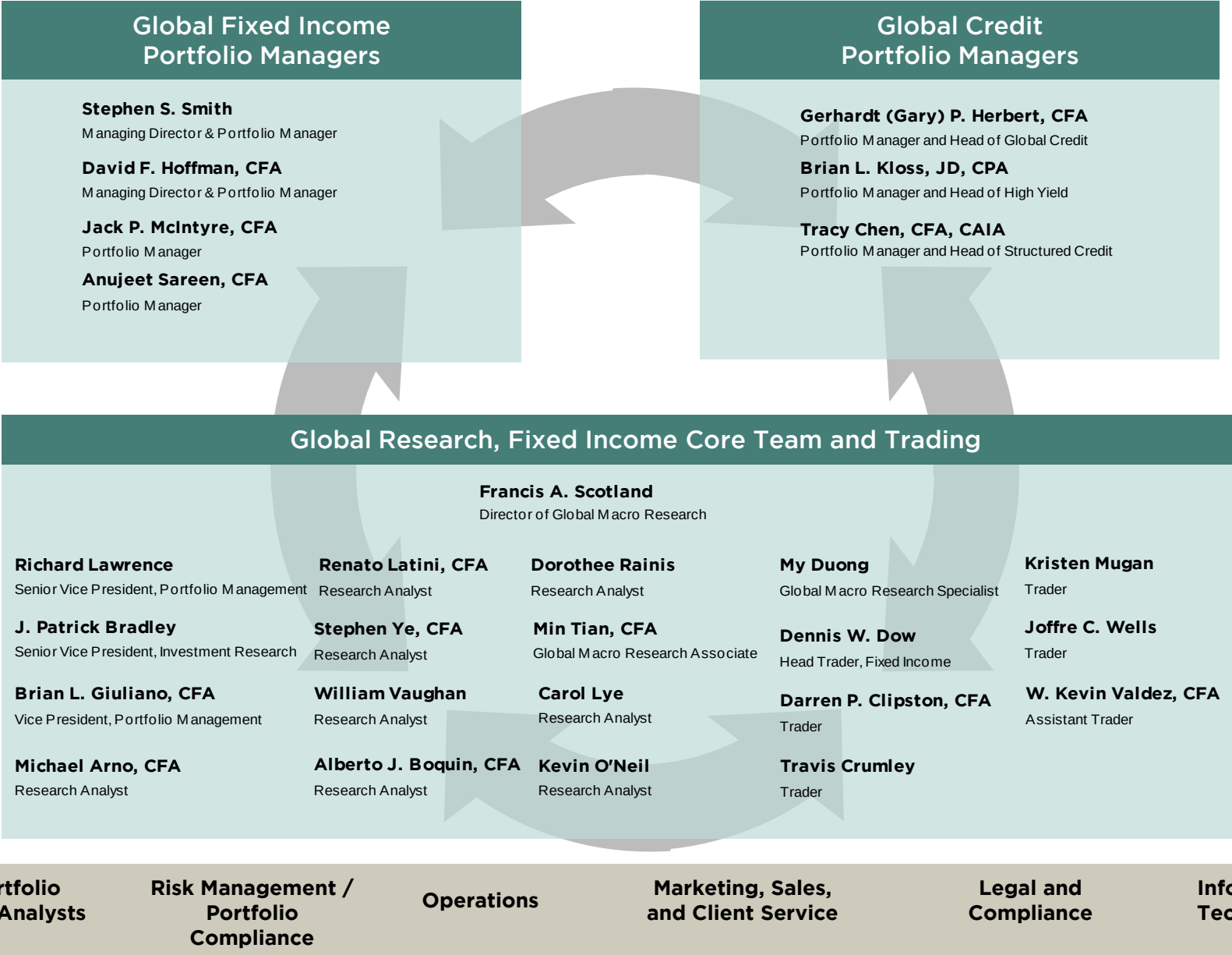
Quantitatively driven equity strategies designed to deliver superior risk-adjusted returns

\$10.8B AUM



**Fundamental Equity Non-Discretionary assets of \$2.1bn are included in AUM numbers. Non-discretionary assets are reported on a one-month lag. The above are the views of Brandywine Global and are not intended as a forecast or guarantee of future results.*

Key Fixed Income Professionals



Performance Summary (Participant Information)

	Sep 2018	Third Quarter	YTD 2018	1 Year	3 Year *	5 Year *	Since Inception* (5/31/2005)
MERSLA (Municipal Emp Retire Sys of Louisiana) (Gross)	0.95%	-0.79%	-3.68%	-4.04%	4.71%	2.49%	5.73%
FTSE WGBI (USD)	-1.02%	-1.62%	-2.55%	-1.54%	1.68%	0.20%	2.74%

* Periods greater than one year are annualized.

Brandywine Global Opportunistic Fixed Income
Portfolio Composition

Participant Information

	Market Value	% of Total		
Bonds	3,047,845,088	82.08%	Unit Price	44.64610
Cash and Cash Equivalents	640,333,959	17.24%	Units Held	792,671.316
Accrued Interest	37,538,786	1.01%	% of Fund	0.95
Currency Derivatives P/L	-12,233,163	-0.33%	Market Value	35,389,682.84
Total	3,713,484,669	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 Opportunistic Fixed Income

12/29/2017 - 9/30/2018

Benchmark: FTSE WGBI (USD)			
SUMMARY	PORTFOLIO CONTRIBUTION	- BENCHMARK CONTRIBUTION	= ATTRIBUTION
TOTAL ⁽¹⁺²⁺³⁾	(3.63)	(2.55)	(1.08)
BOND MARKET ¹	(0.31)	0.09	(0.41)
CURRENCY ²	(3.23)	(2.64)	(0.59)
RESIDUAL ³	(0.08)	0.00	(0.08)
LARGEST RELATIVE CONTRIBUTORS AND DETRACTORS+			
BOND MARKET	PORTFOLIO CONTRIBUTION	- BENCHMARK CONTRIBUTION	= ATTRIBUTION
United States Tsy-Sov	(0.15)	(0.57)	0.41
Indonesia	(0.40)	0.00	(0.40)
Mexico	(0.25)	0.00	(0.25)
Italy	0.01	(0.22)	0.23
Turkey	(0.22)	0.00	(0.22)
United States Corp	0.21	0.00	0.21
Japan	0.00	0.21	(0.21)
France	0.00	0.18	(0.18)
Spain	0.04	0.18	(0.14)
Germany	0.00	0.14	(0.14)
CURRENCY	PORTFOLIO CONTRIBUTION	- BENCHMARK CONTRIBUTION	= ATTRIBUTION
Euro	(0.01)	(1.66)	1.65
Mexican Peso	1.05	0.06	0.99
Swedish Krona	(0.85)	(0.03)	(0.82)
Brazilian Real	(0.67)	0.00	(0.67)
New Turkish Lira	(0.57)	0.00	(0.57)
Australian Dollar	(0.46)	(0.13)	(0.32)
Japanese Yen	(0.15)	(0.44)	0.28
Polish Zloty	(0.31)	(0.03)	(0.28)
Indonesian Rupiah	(0.23)	0.00	(0.23)
South African Rand	(0.26)	(0.05)	(0.22)

+ 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

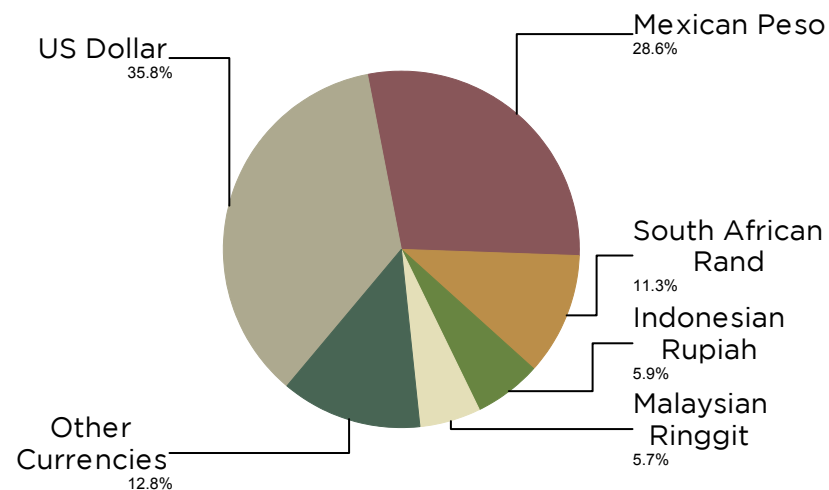
3 Residual factor includes transaction based returns versus a holdings based attribution model

* 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 Opportunistic Fixed Income

September 30, 2018

Source of Portfolio Duration by Currency Denomination



Duration Contribution by Currency

(in Years)

Currency	9/30/2018					12/31/2017	
	0-3	>3-10	>10-20	>20+	Total	Total	Change
US Dollar	0.02	0.97	0.02	0.58	1.59		0.49
Mexican Peso	-	-	0.33	0.95	1.27		0.16
South African Rand	-	-	-	0.50	0.50		(0.02)
Indonesian Rupiah	-	0.01	0.14	0.11	0.26		(0.11)
Malaysian Ringgit	0.07	0.19	-	-	0.25		(0.04)
Colombian Peso	-	0.19	-	-	0.19		0.19
Brazilian Real	-	0.18	-	-	0.18		(0.08)
Polish Zloty	0.06	-	-	-	0.06		(0.18)
Australian Dollar	0.05	-	-	-	0.05		(0.05)
British Pound Sterling	0.05	-	-	-	0.05		0.02
Euro	-	-	-	0.04	0.04		(0.25)
New Turkish Lira	-	-	-	-	-		(0.04)
Total	0.25	1.54	0.49	2.17	4.45		0.09

Duration Contribution by Country

vs. FTSE WGBI (USD)

(In Years)

Country	9/30/2018					12/31/2017		
	0-3	>3-10	>10-20	>20+	Total	Index	Active	Change
Japan	-	-	-	-	-	2.00	(2.00)	-
Mexico	-	-	0.33	0.95	1.27	0.04	1.24	0.16
France	-	-	-	-	-	0.68	(0.68)	(0.00)
United Kingdom	0.05	-	-	-	0.05	0.67	(0.63)	0.02
United States	0.01	0.97	0.02	0.58	1.58	2.16	(0.58)	0.50
Italy	-	-	-	-	-	0.48	(0.48)	(0.01)
South Africa	-	-	-	0.50	0.50	0.03	0.47	(0.02)
Germany	0.00	-	-	-	0.00	0.43	(0.42)	0.00
Spain	-	-	-	0.04	0.04	0.36	(0.31)	(0.01)
Indonesia	-	0.01	0.14	0.11	0.26	-	0.26	(0.11)
Malaysia	0.07	0.19	-	-	0.25	0.02	0.23	(0.04)
Belgium	-	-	-	-	-	0.19	(0.19)	-
Colombia	-	0.19	-	-	0.19	-	0.19	0.19
Brazil	-	0.18	-	-	0.18	-	0.18	(0.08)
Netherlands	-	-	-	-	-	0.14	(0.14)	(0.00)
Austria	-	-	-	-	-	0.11	(0.11)	-
Canada	-	-	-	-	-	0.11	(0.11)	-
Australia	0.05	-	-	-	0.05	0.11	(0.06)	(0.05)
Ireland	-	-	-	-	-	0.05	(0.05)	-
Denmark	-	-	-	-	-	0.04	(0.04)	-
Poland	0.06	-	-	-	0.06	0.02	0.04	(0.18)
Finland	-	-	-	-	-	0.03	(0.03)	-
Singapore	-	-	-	-	-	0.02	(0.02)	-
Sweden	-	-	-	-	-	0.02	(0.02)	-
Norway	-	-	-	-	-	0.01	(0.01)	(0.00)
Supranational	0.01	-	-	-	0.01	-	0.01	(0.01)
New Zealand	-	-	-	-	-	-	-	-
European Union	-	-	-	-	-	-	-	-
Portugal	-	-	-	-	-	-	-	(0.23)
Turkey	-	-	-	-	-	-	-	(0.04)
Total	0.25	1.54	0.49	2.17	4.45	7.73	(3.27)	0.09

Global Opportunistic Fixed Income

September 30, 2018

Country Allocation	9/30/2018			12/31/2017	
	Portfolio	Index	Active	Portfolio	Change
Japan	-	19.01	(19.01)	-	-
Mexico	13.65	0.72	12.92	11.54	2.10
France	-	8.59	(8.59)	1.82	(1.82)
Italy	-	7.29	(7.29)	0.71	(0.71)
Australia	7.97	1.74	6.23	8.20	(0.23)
Malaysia	6.57	0.40	6.17	6.51	0.05
Poland	6.09	0.52	5.57	6.30	(0.21)
South Africa	5.24	0.46	4.77	5.50	(0.27)
Spain	0.79	4.88	(4.09)	0.94	(0.15)
*Brazil	3.96	-	3.96	5.22	(1.27)
United States	40.05	36.29	3.76	36.26	3.79
*Indonesia	3.42	-	3.42	4.61	(1.19)
Germany	2.87	5.68	(2.81)	-	2.87
*Colombia	2.74	-	2.74	-	2.74
Belgium	-	2.02	(2.02)	-	-
Netherlands	-	1.70	(1.70)	0.08	(0.08)
Canada	-	1.65	(1.65)	-	-
Austria	-	1.25	(1.25)	-	-
Supranational	0.97	-	0.97	2.36	(1.39)
United Kingdom	6.03	5.30	0.73	5.95	0.08
Ireland	-	0.66	(0.66)	-	-
Denmark	-	0.51	(0.51)	-	-
Finland	-	0.50	(0.50)	-	-
Singapore	-	0.33	(0.33)	-	-
Sweden	-	0.31	(0.31)	-	-
Norway	-	0.20	(0.20)	0.28	(0.28)
*Portugal	-	-	-	3.25	(3.25)
*Turkey	-	-	-	0.87	(0.87)
Derivative P/L	(0.33)	-	(0.33)	(0.40)	0.07
Total:	100.00	100.00	-	100.00	-

Currency Allocation	9/30/2018			12/31/2017	
	Portfolio	Index	Active	Portfolio	Change
Euro	0.11	32.57	(32.46)	0.37	(0.27)
US Dollar	8.39	36.29	(27.90)	5.29	3.10
Mexican Peso	13.65	0.72	12.93	11.54	2.11
Japanese Yen	6.93	19.01	(12.08)	7.83	(0.90)
Swedish Krona	12.10	0.31	11.80	8.54	3.56
Australian Dollar	8.09	1.74	6.36	5.95	2.15
Malaysian Ringgit	6.57	0.40	6.17	6.51	0.05
Norwegian Krone	5.81	0.20	5.61	7.90	(2.09)
Polish Zloty	5.82	0.52	5.30	8.21	(2.39)
South African Rand	5.24	0.46	4.77	2.10	3.13
*Colombian Peso	4.76	-	4.76	-	4.76
British Pound Sterling	9.87	5.30	4.57	12.65	(2.79)
*Brazilian Real	3.96	-	3.96	5.22	(1.27)
Canadian Dollar	5.29	1.65	3.64	-	5.29
*Indonesian Rupiah	3.42	-	3.42	4.61	(1.19)
Danish Krone	-	0.51	(0.51)	-	-
Singapore Dollar	-	0.33	(0.33)	-	-
*Indian Rupee	-	-	-	4.56	(4.56)
*New Turkish Lira	-	-	-	3.67	(3.67)
New Zealand Dollar	-	-	-	5.05	(5.05)
Total:	100.00	100.00	-	100.00	-

*Emerging Markets are defined as non-WGBI markets with local currency long-term debt rating below A- (or the equivalent) assigned by all NRSROs that provide such a rating. NRSRO means one of the following Nationally Recognized Statistical Rating Organizations: Standard & Poor's Ratings Services, Moody's Investors Service and Fitch, Inc.

Global Opportunistic Fixed Income

September 30, 2018

Unhedged Positions

Currency	*Bond Exposure (%)	Currency Forwards (%)	Net Currency Exposure (%)
Mexican Peso	13.65	-	13.65
Malaysian Ringgit	6.57	-	6.57
South African Rand	5.24	-	5.24
Brazilian Real	3.96	-	3.96
Indonesian Rupiah	3.42	-	3.42

Partially Hedged and Hedged Positions

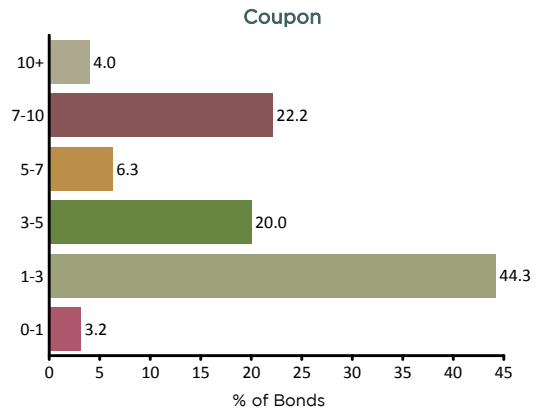
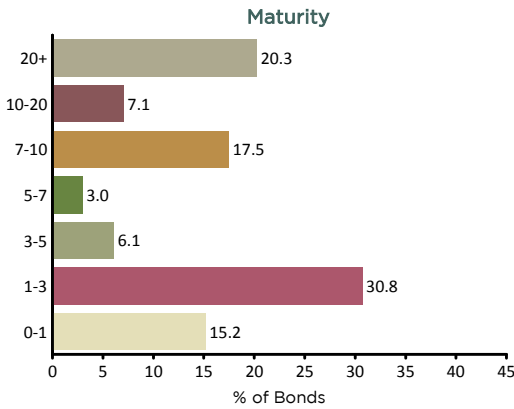
Currency	*Bond Exposure (%)	Currency Forwards (%)	Net Currency Exposure (%)
US Dollar	46.23	(37.84)	8.39
Polish Zloty	6.09	(0.27)	5.82
Euro	0.79	(0.69)	0.11

Independent/Incremental Currency Positions

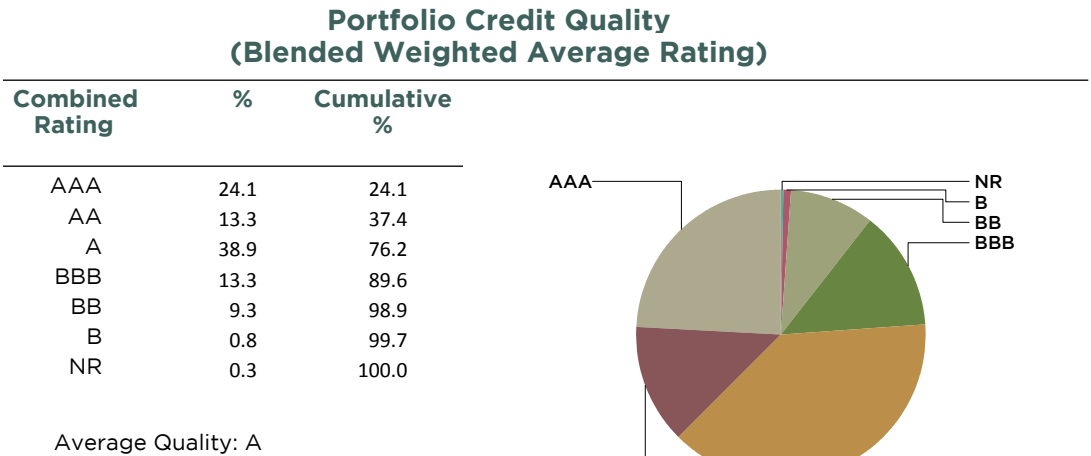
Currency	*Bond Exposure (%)	Currency Forwards (%)	Net Currency Exposure (%)
Swedish Krona	-	12.10	12.10
British Pound Sterling	6.03	3.84	9.87
Australian Dollar	5.63	2.47	8.09
Japanese Yen	-	6.93	6.93
Norwegian Krone	-	5.81	5.81
Canadian Dollar	-	5.29	5.29
Colombian Peso	2.74	2.02	4.76

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

Portfolio Characteristics		
	Portfolio	Primary Benchmark
Yield to Maturity (%)	4.35	1.72
Yield to Worst (%)	4.35	1.72
Modified Duration	4.45	7.72
Effective Duration	4.38	7.84
Average Maturity	8.82	9.15
Average Market Price	98.47	-
Average Coupon (%)	4.43	2.35
Current Yield (%)	4.45	-
# of Issues	57	1,031



Sector Breakdown		
	Market Value (%)	Duration Contribution (in Years)
Government Sovereign	68.80	4.19
Corporate Bond - Investment Grade	23.57	0.17
Mortgage Backed Securities	1.40	0.07
Government Regional Agencies	3.17	0.02
Supranational	0.97	0.01
Cash	2.41	-
Derivatives	(0.33)	-
Total:	100.00	4.45



PRIMARY BENCHMARK is FTSE WGBI (USD)

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, U.S. treasuries and certain U.S. agencies are given the U.S. issuer rating. Sovereign treasuries are given the sovereign issuer rating. All other unrated securities are 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 2018

Global Macro Outlook

Presented by

Brian Giuliano, CFA

Vice President, Portfolio Management

Peak Divergence

Global Macro Backdrop

Global growth to remain solid; the macro backdrop is showing signs of stabilization.

- Supporting growth: U.S. fiscal stimulus, lower global corporate tax rates, China monetary and fiscal stimulus, lower global short rates as well as stabilization in the U.S. dollar
- Headwinds: Fed tightening, end of QE, higher global bond yields, trade tensions, etc.

U.S. growth to remain elevated; inflation contained

- Is this as good as it gets?
- Cyclical inflation and secular disinflationary pressures continue to collide

U.S. dollar remains the most expensive currency in our universe.

- The 2018 rally in USD is a counter-trend move higher, not a new bull market

European growth to remain steady

- Have European yields finally broken out?
- Italy is the weak link, but they are unlikely to derail regional growth prospects

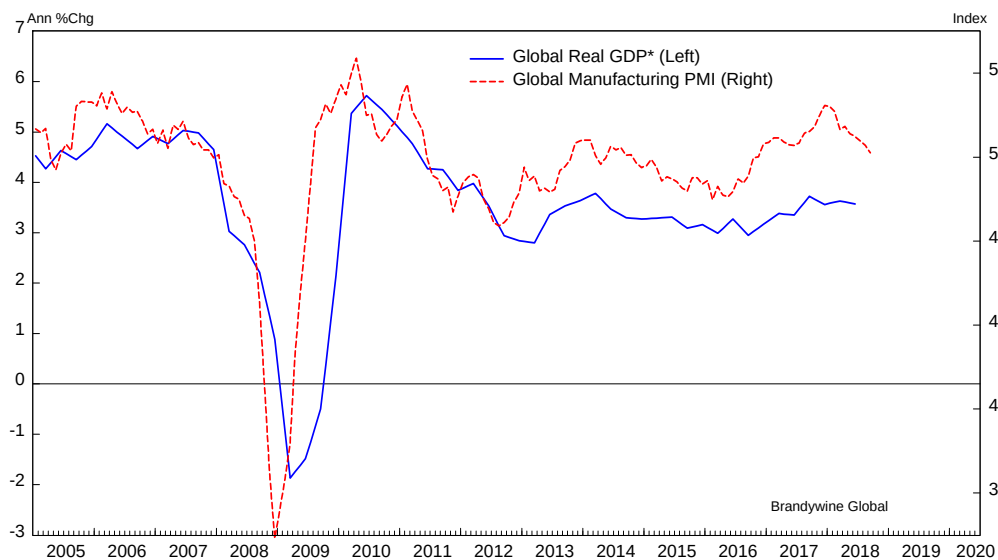
China

- Secular shift down in growth, but cyclical boost coming given monetary and fiscal stimulus

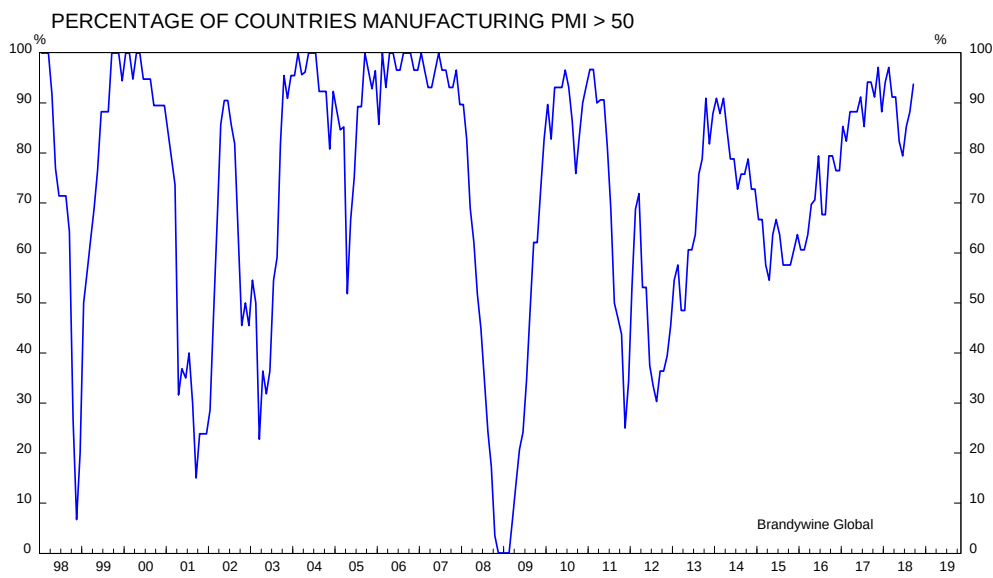
Emerging Markets

- Stabilization in Chinese growth as well as an improved macro backdrop will prove supportive
- Dispersion to remain elevated

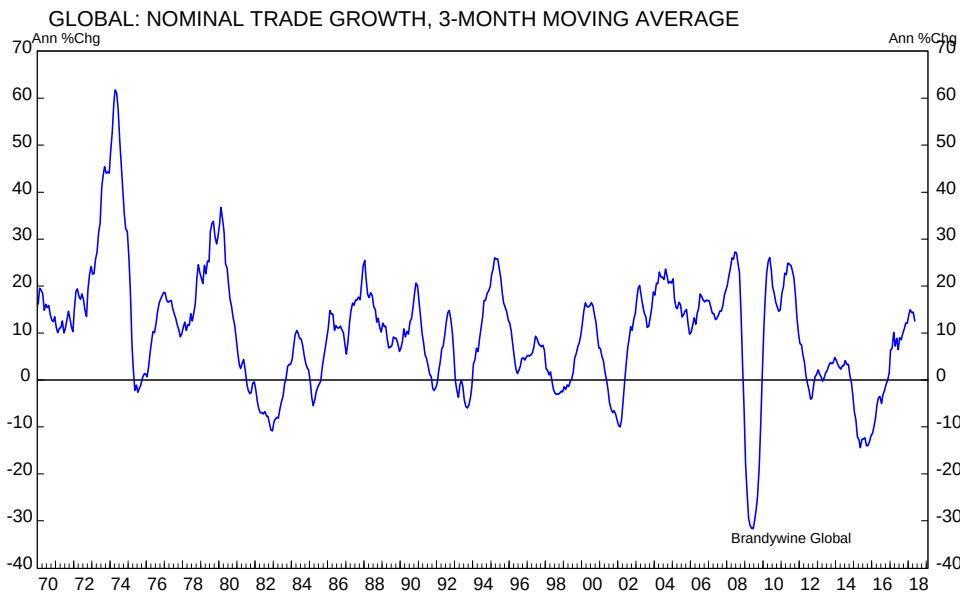
Reality Check-Global Economy Is In Good Shape



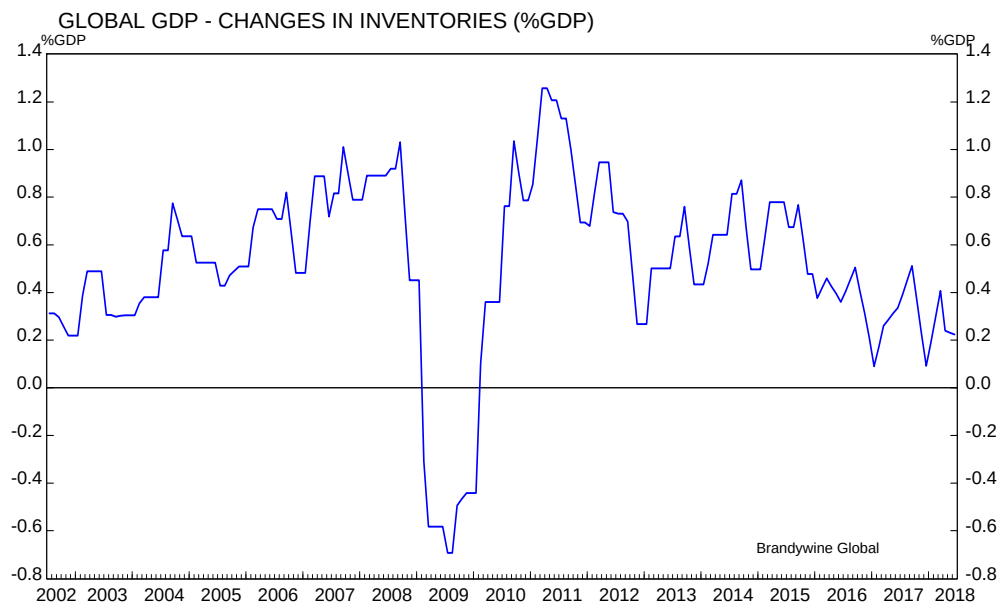
As of 09/30/2018
*Data for 2018Q2 is estimated by the IMF



As of 09/30/2018.



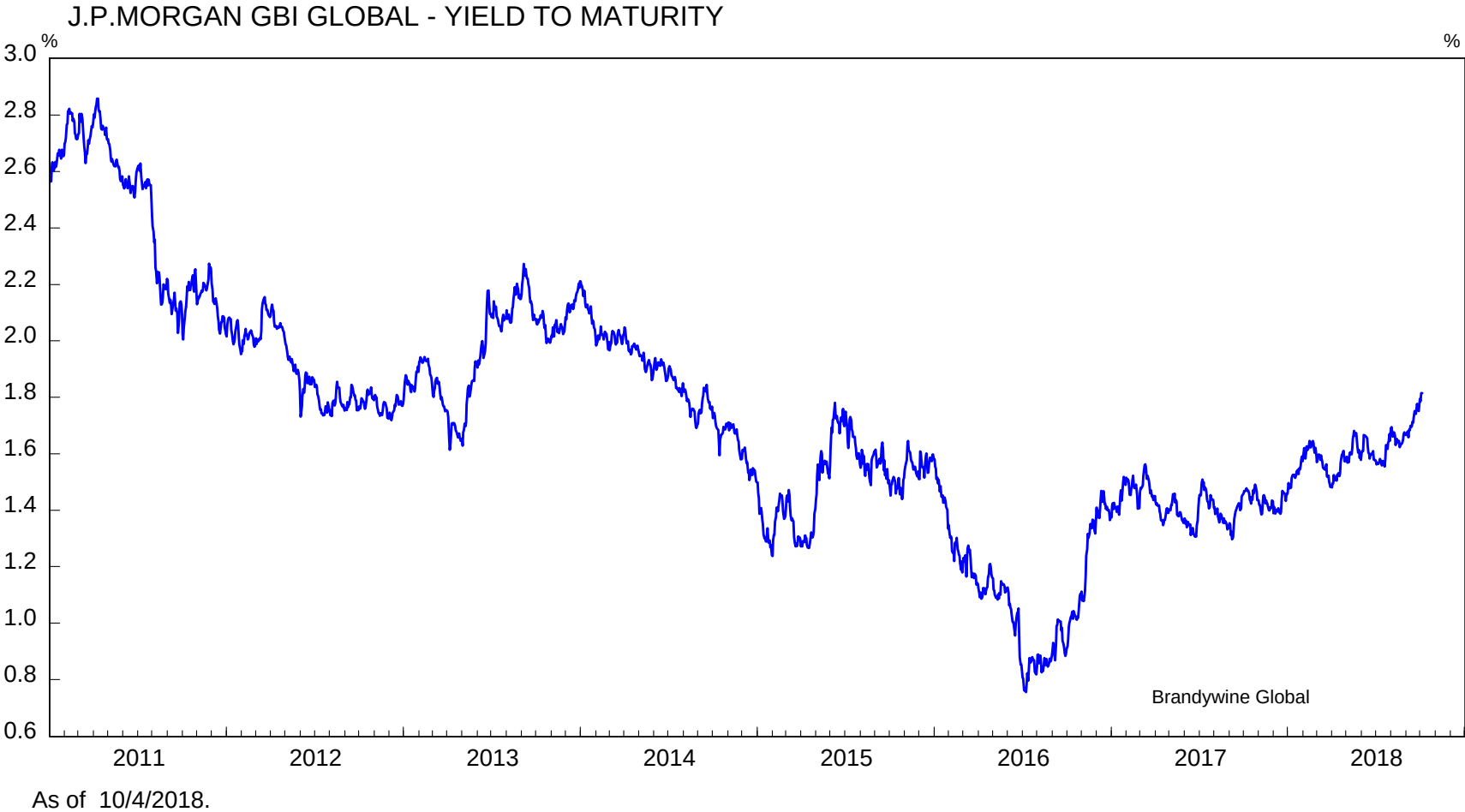
As of 05/31/2018.
Data Source: IMF, Haver Analytics



As of 6/30/2018.

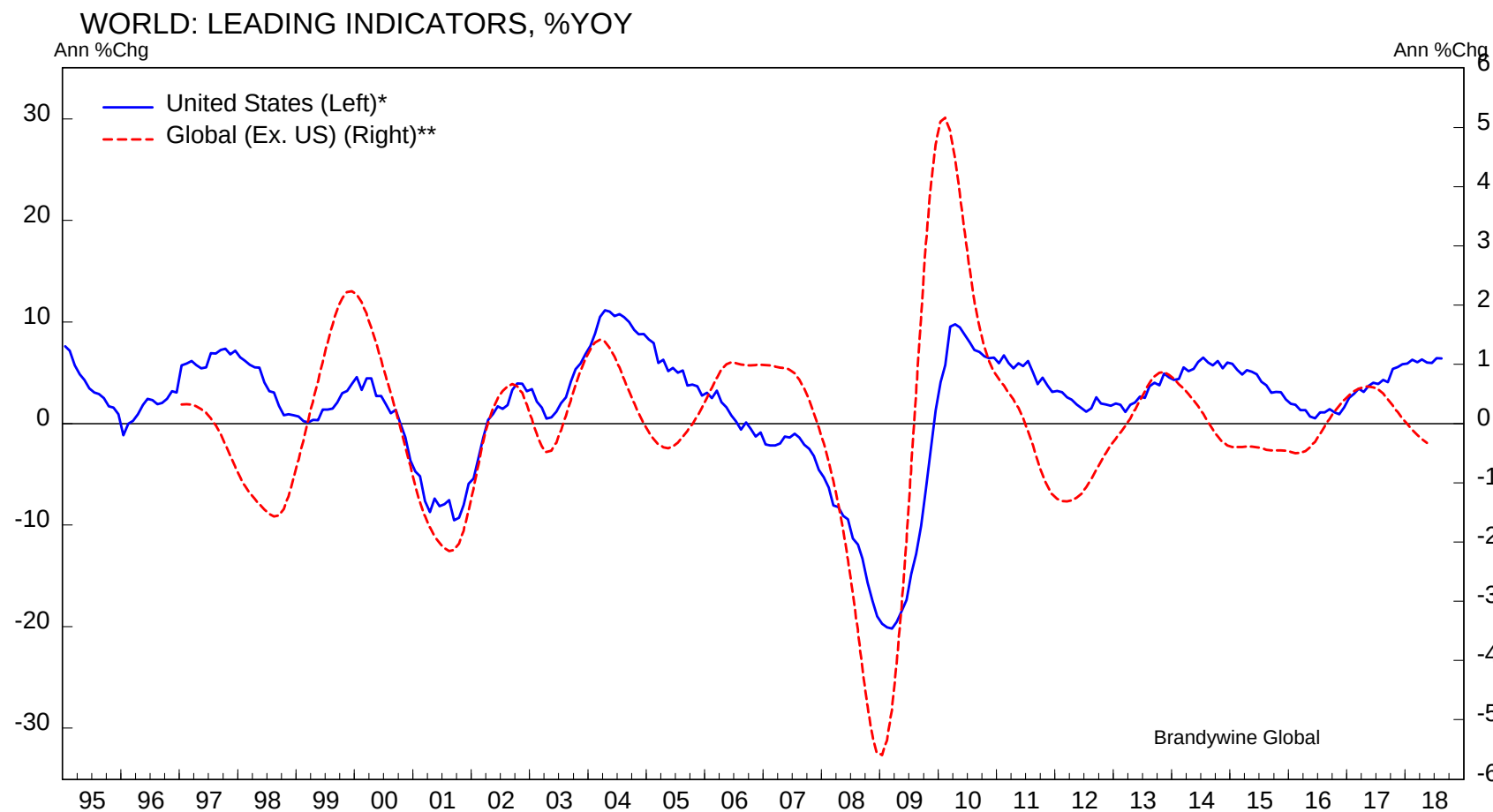
Data has been obtained by IMF, Haver Analytics and Macrobond (© 2018, Haver Analytics and Macrobond) which Brandywine Global believes to be accurate and reliable. Charts created by Brandywine Global. Please refer to Appendix 1 for important disclosure information.

It's Not Surprising That Global Bond Yields Are Moving Higher



Data has been obtained by Macrobond (© 2018, Macrobond) which Brandywine Global believes to be accurate and reliable. Charts created by Brandywine Global. Please refer to Appendix 1 for important disclosure information.

Significant Divergence in Global Growth



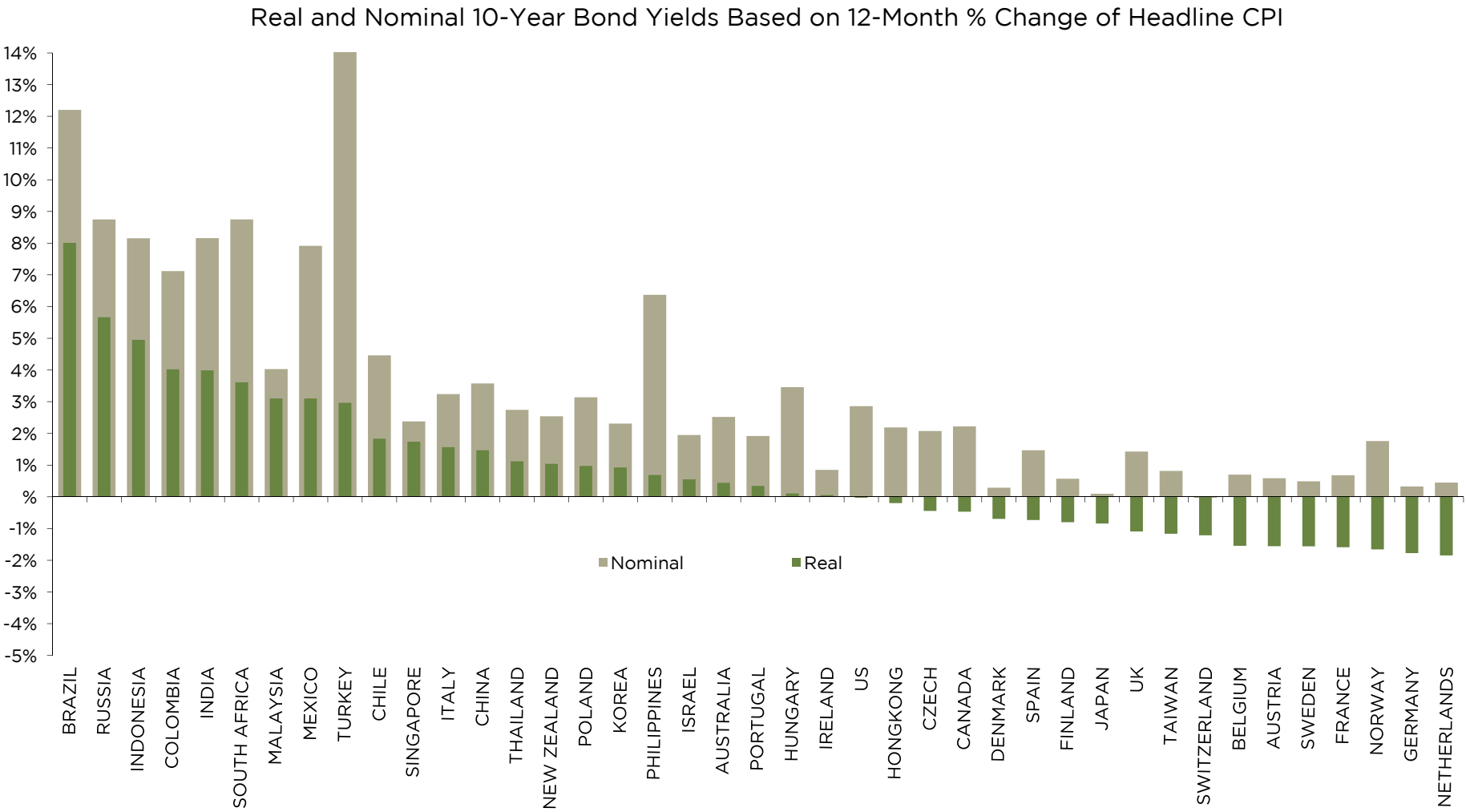
As of 07/31/2018.

*Source: The Conference Board

**Source: OECD

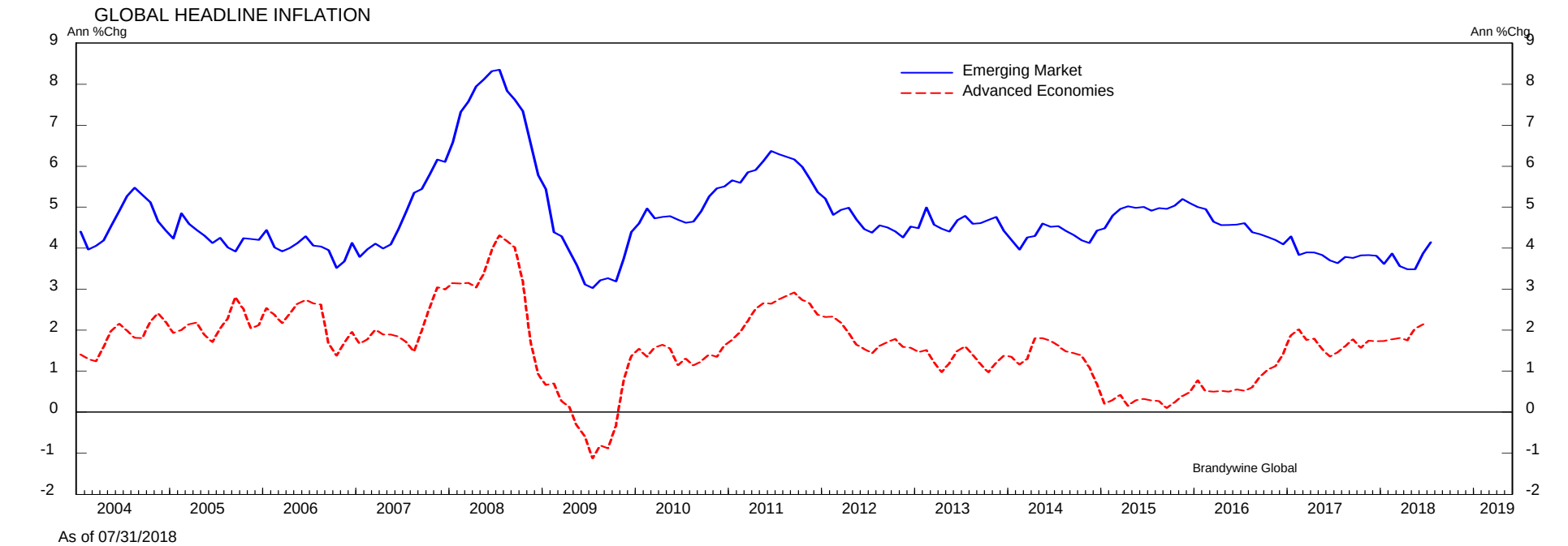
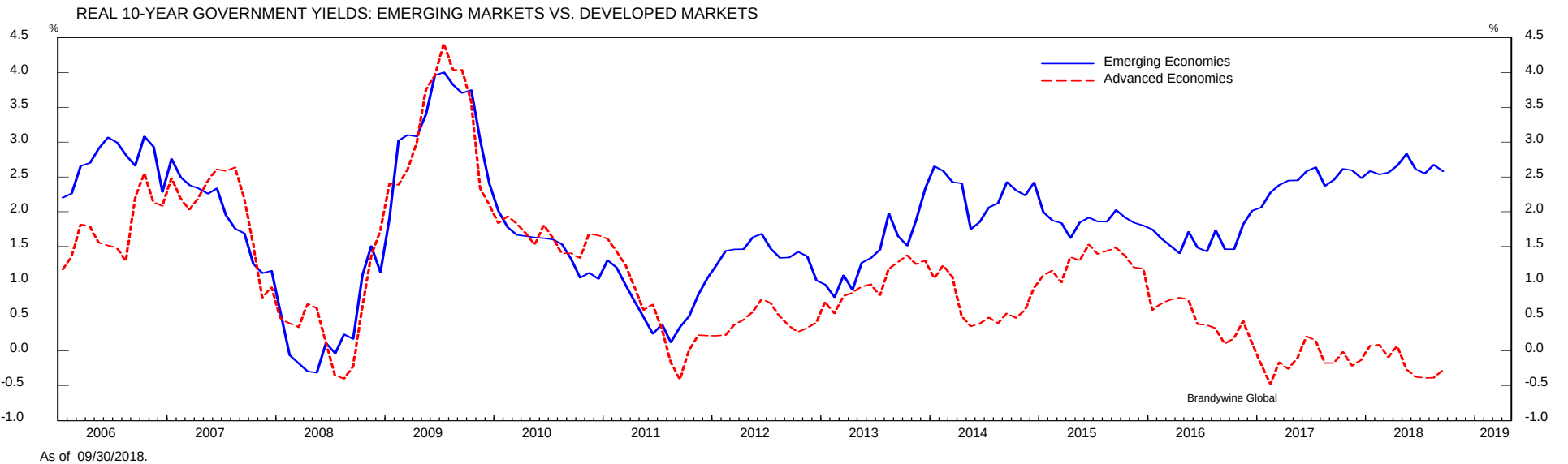
Dispersion in Global Bond Markets

As of 8/31/2018

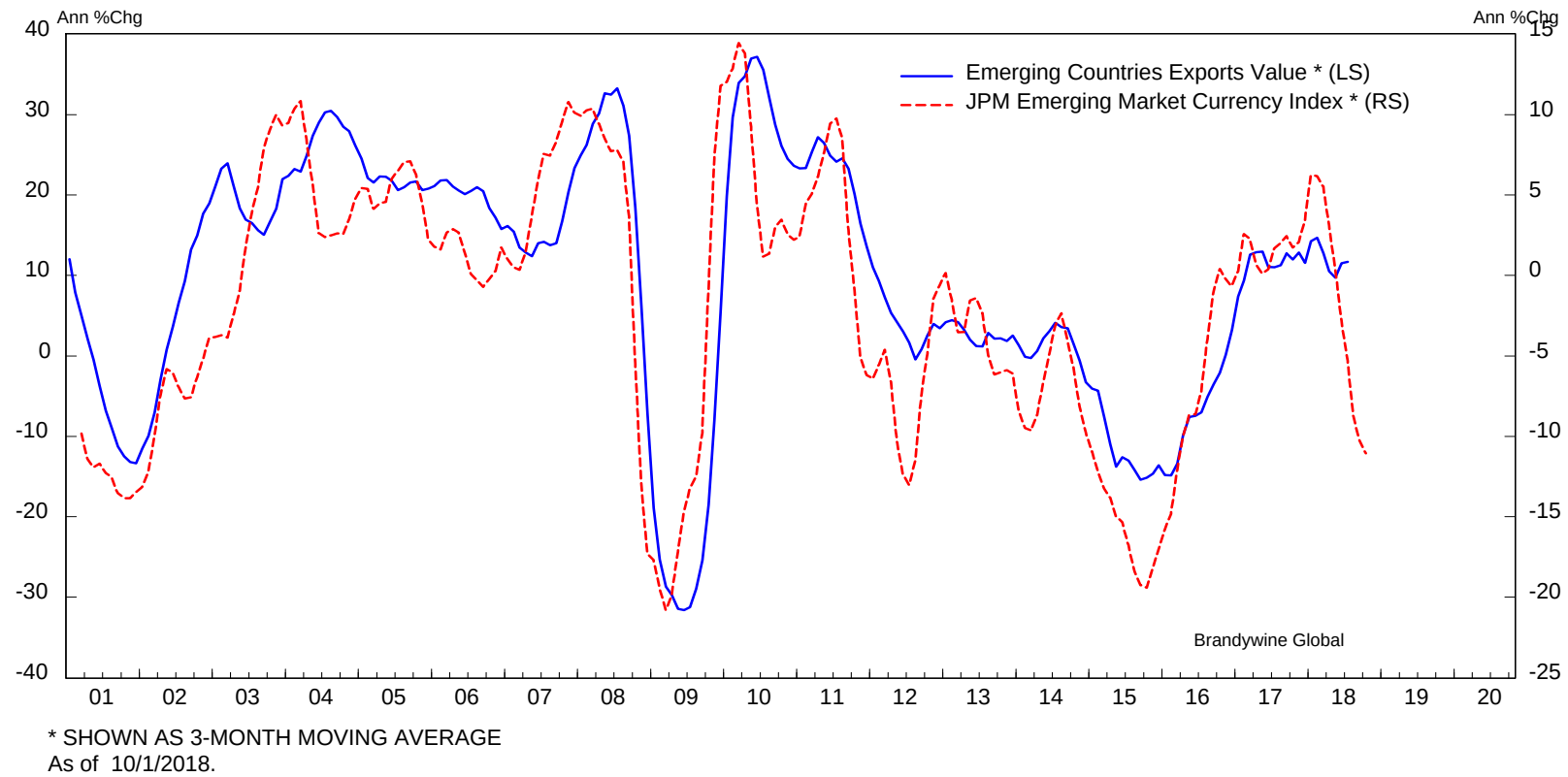


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Real Yields Point to Value in EM

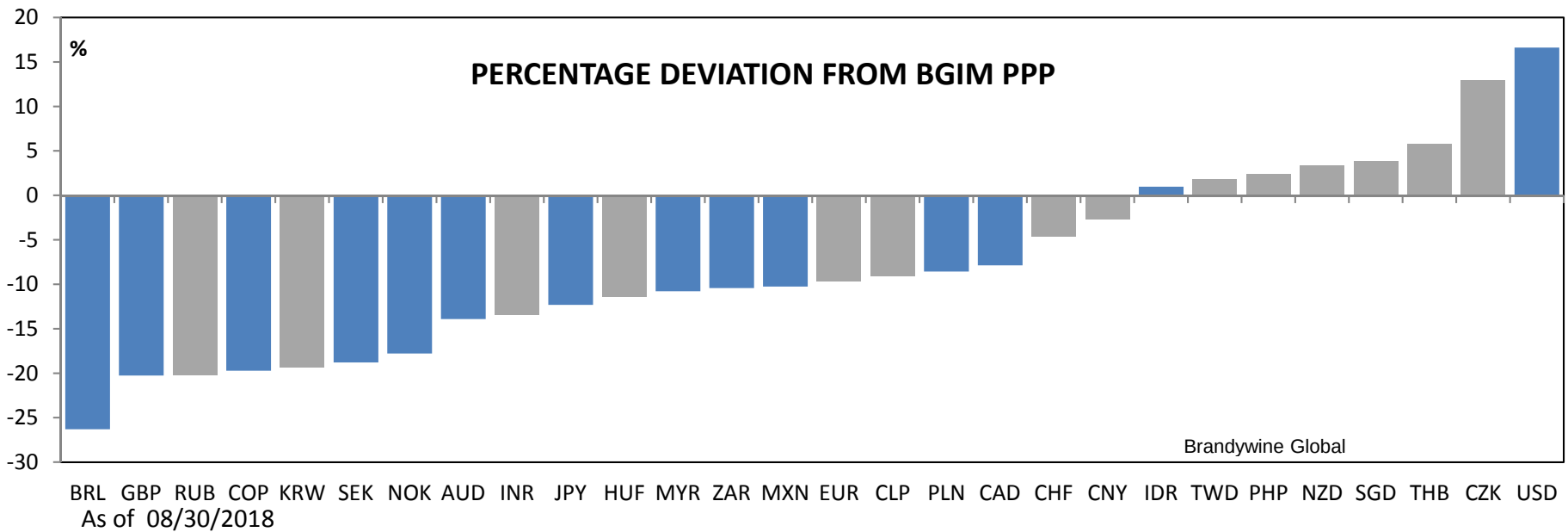
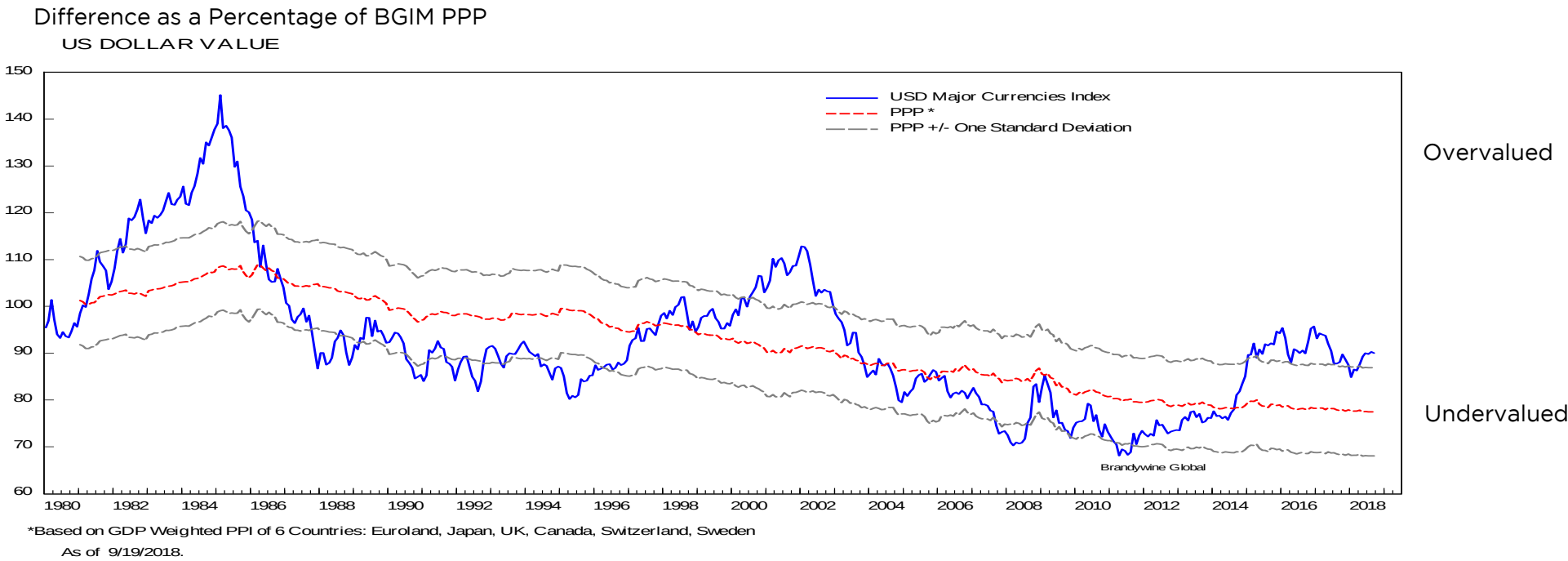


EM FX Priced for Recession



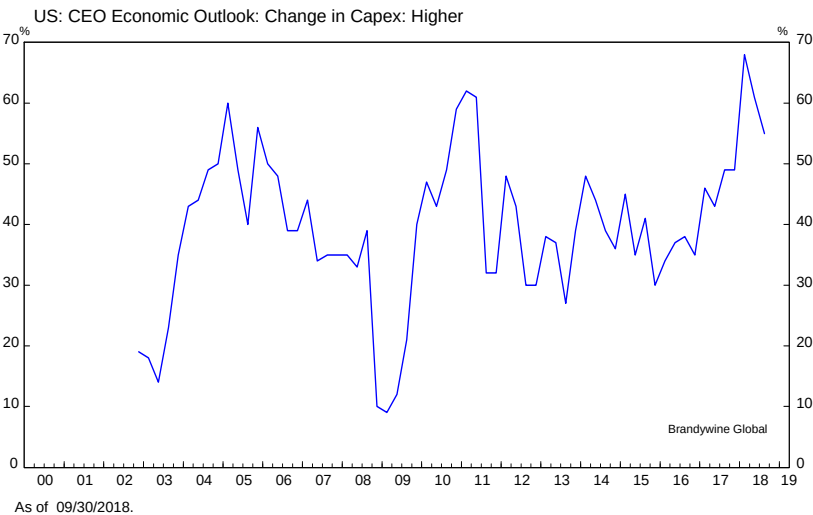
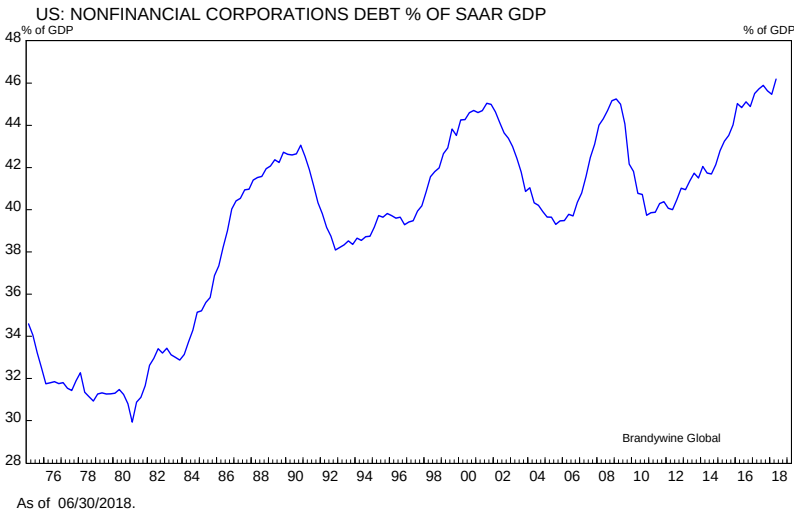
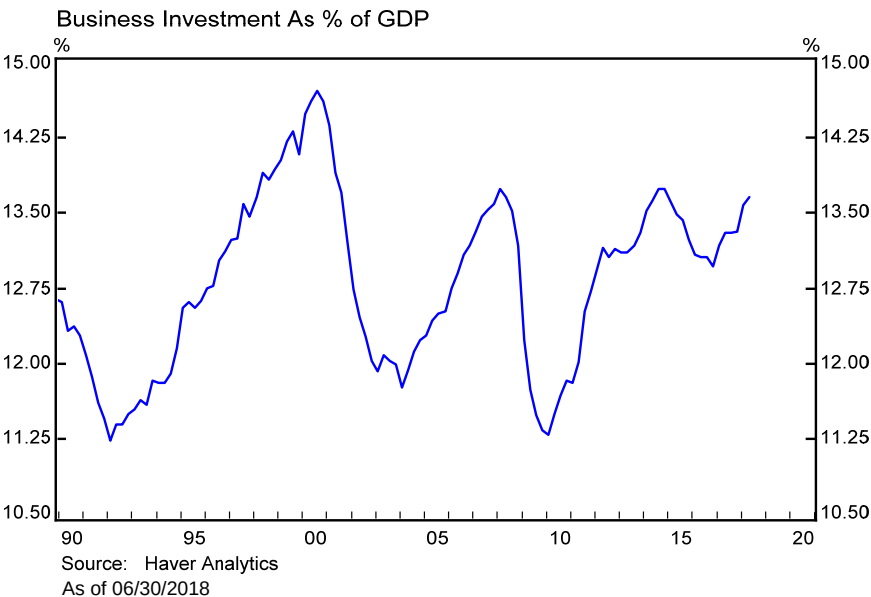
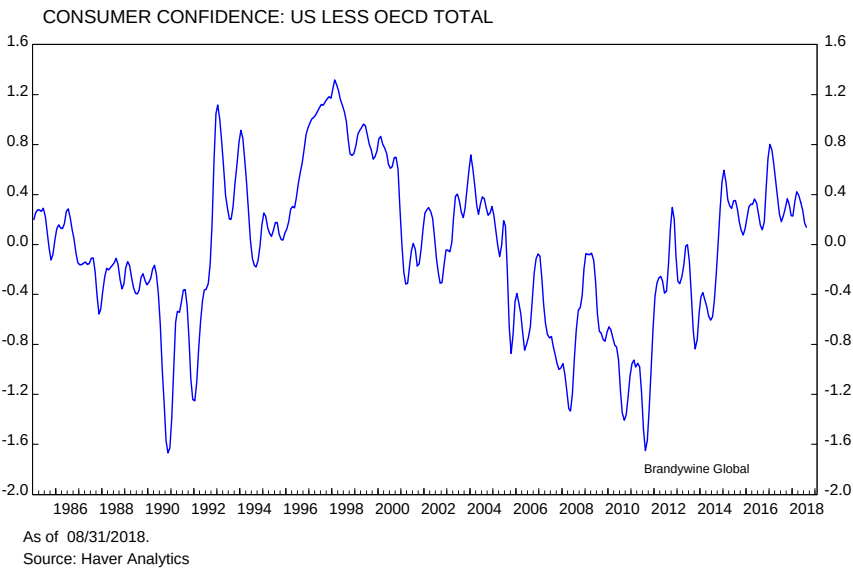
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The Dollar Is Overvalued

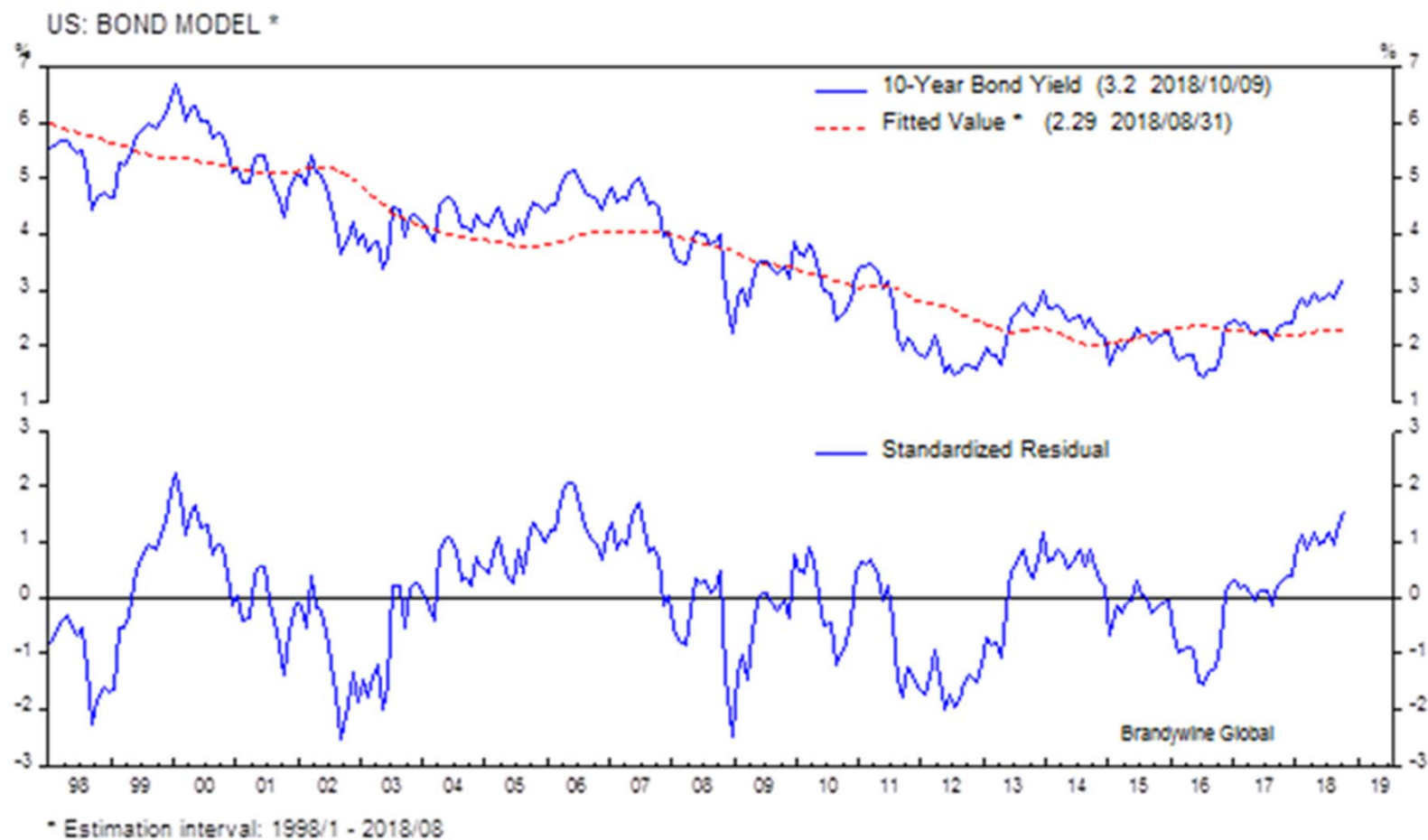


The blue bars denote currency exposure in GOFI, our flagship strategy's representative account.
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U.S. Economic Outperformance Peaking – Not Expecting A Sharp Slow down, but Better Relative Growth in Rest of World

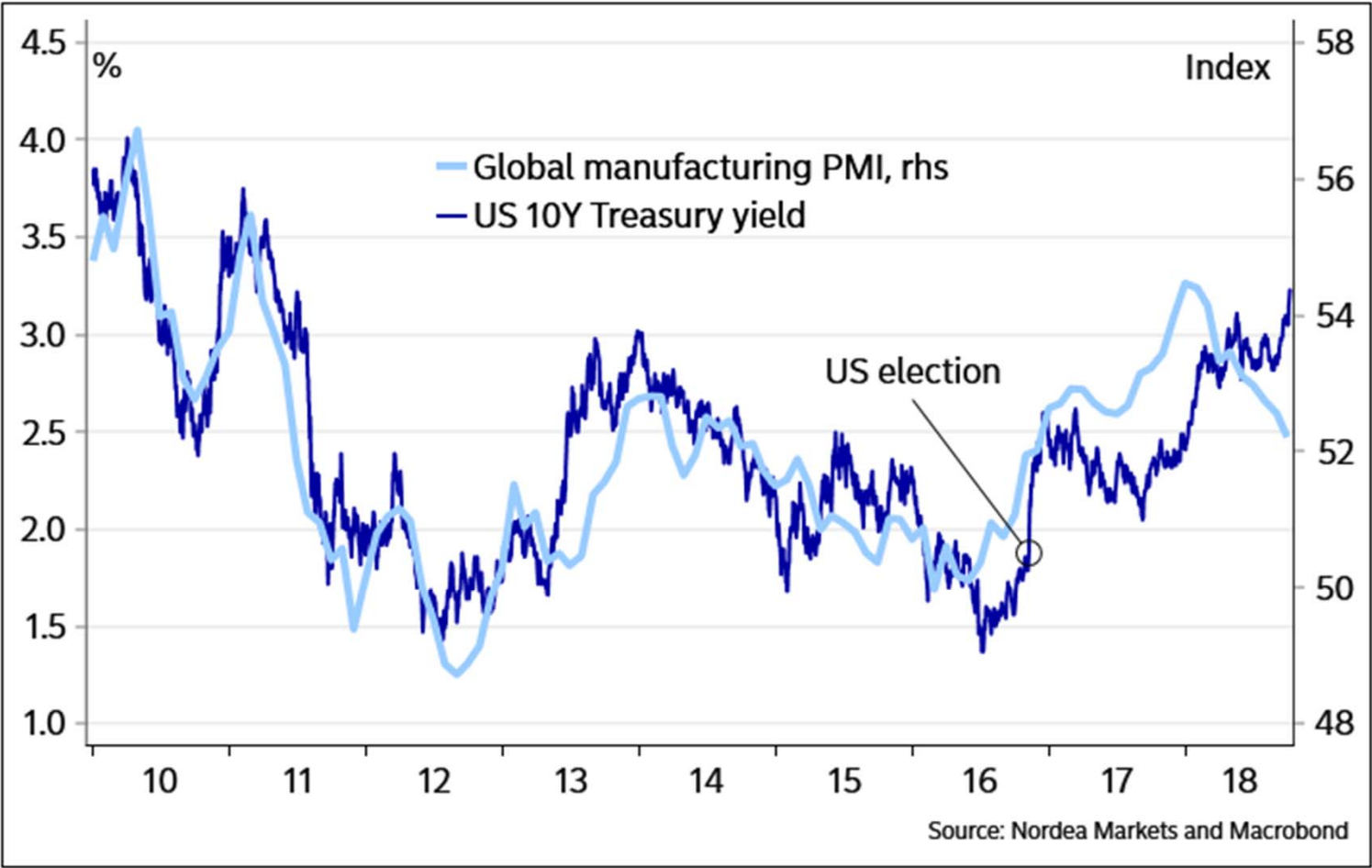


U.S. Bond Market Breakdown Coming Later?



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U.S. Yields Are “World’s Interest Rate”... Next move Lower?



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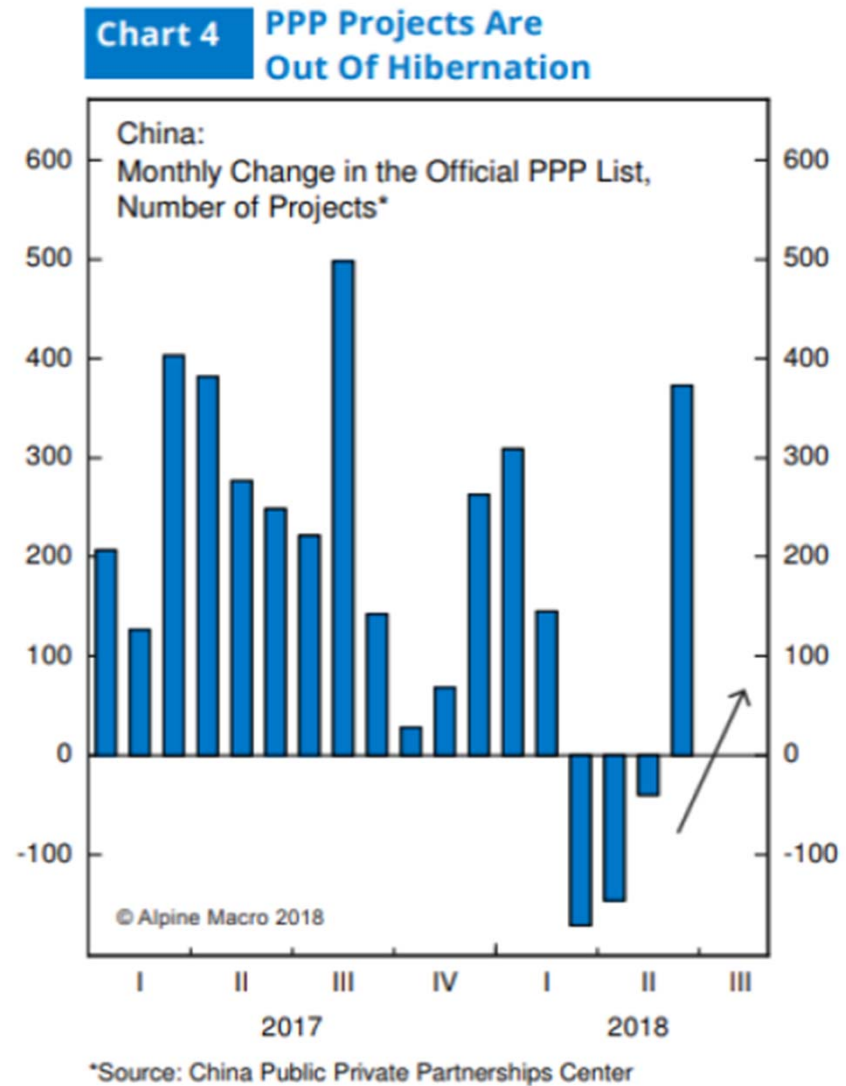
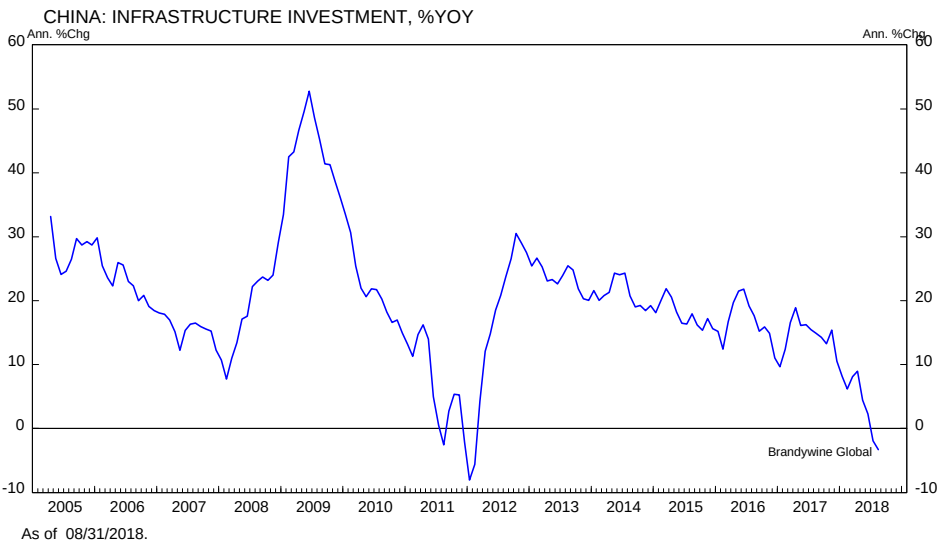
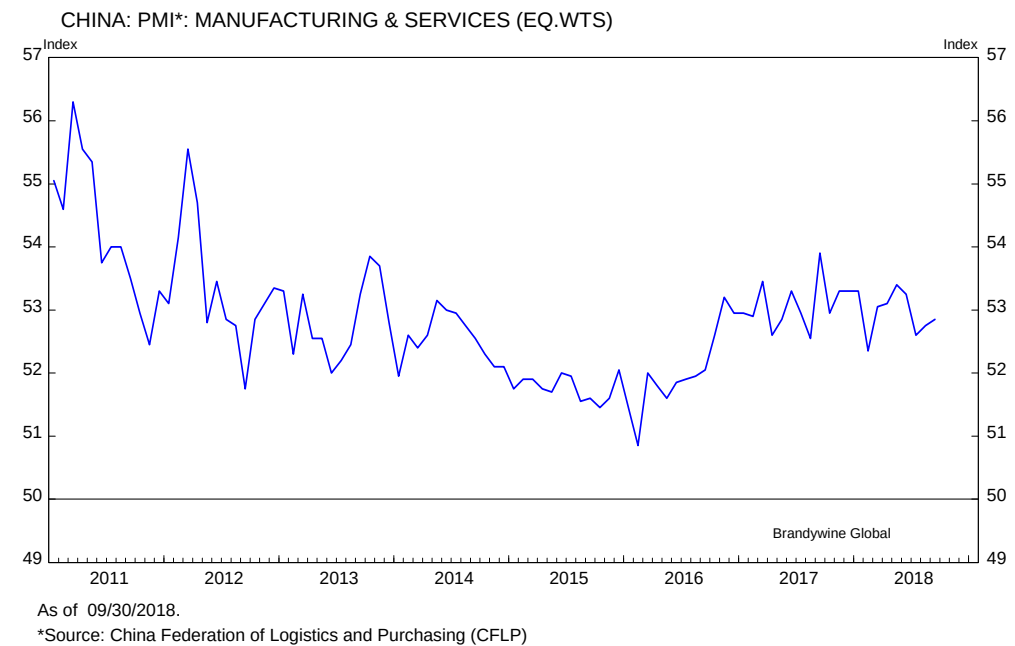
China – The Other Major Influence on EM's Perception vs. Reality Theme...

China Is Taking Steps to Address their Slowdown

KEY DRIVERS FOR CHINA'S ECONOMIC GROWTH

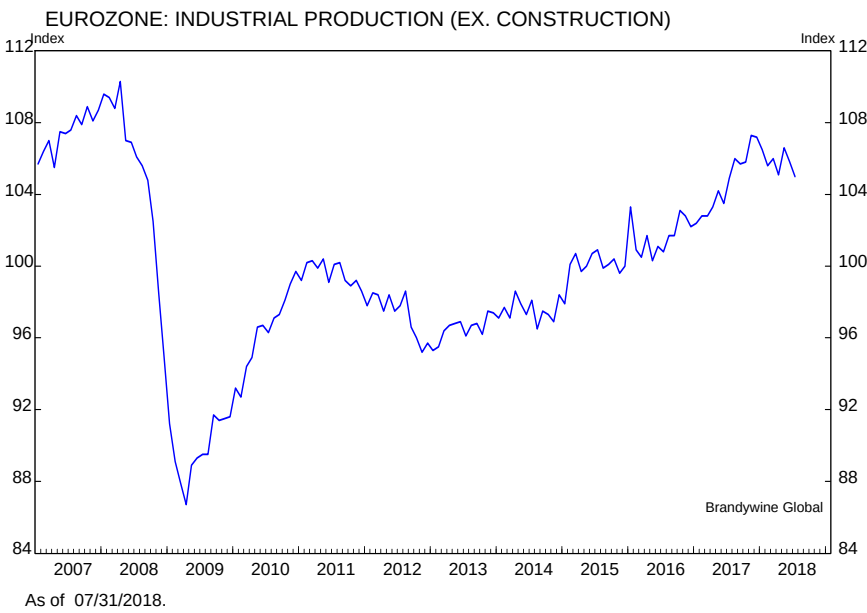
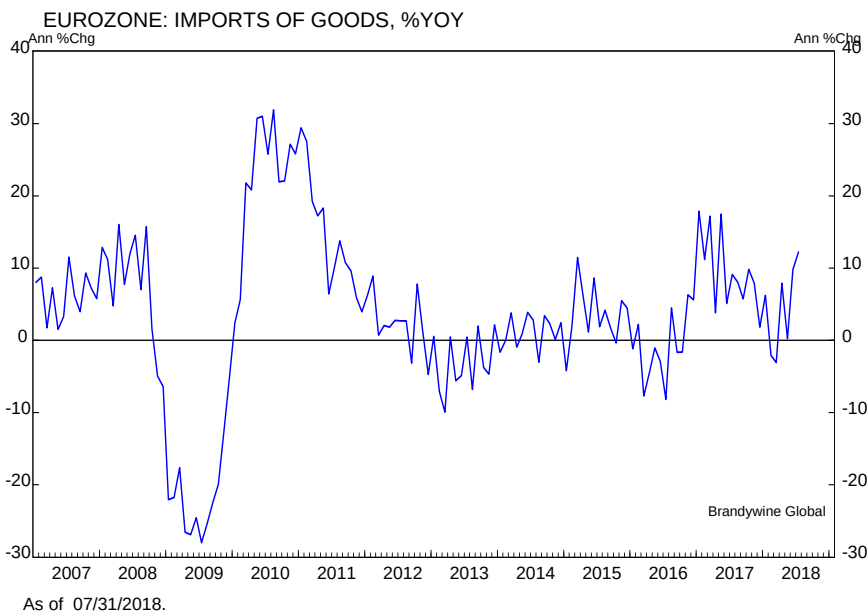
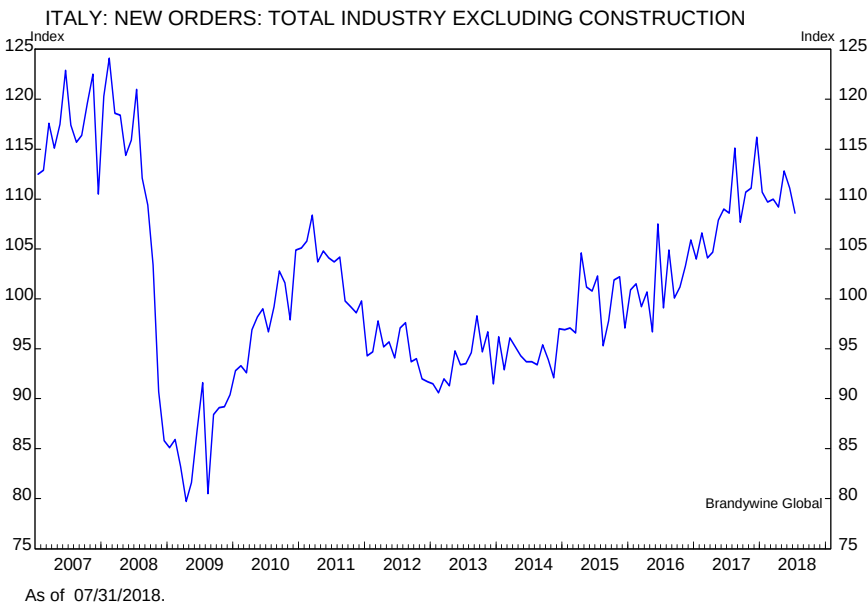
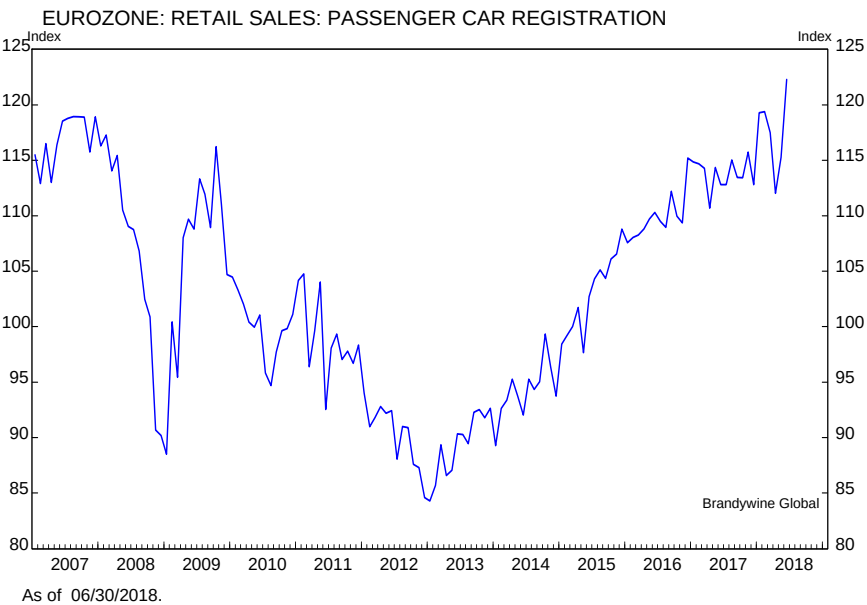
- Accelerating Government Spending
- RRR Cuts
- Lower Interest Rates
- New and Growing Industries
- Easing back on pollution fighting programs
- Speed up local government bond issuance as well as longer maturity
 - Convert liquidity into credit
 - Total social financing stabilized
 - Credit impulse near 2012 and 2015 low level and ticking up
- Tax cut. Est tax cut in 2018 to be rmb 1.3tr
 - Personal income tax
 - Export tax rebate
 - Value-added tax
- Property market remain strong; more favorable policies start to roll out
- Manufacturing industry slowed but remain highly profitable
- Speed up shantytown renovation program
- Deleveraging on-going, stabilization top priority, more stimulus if needed
- Weaker Yuan

China – Stability Is All that Is Needed... We Think EM Valuations Have Discounted too Negative of an Outlook on China

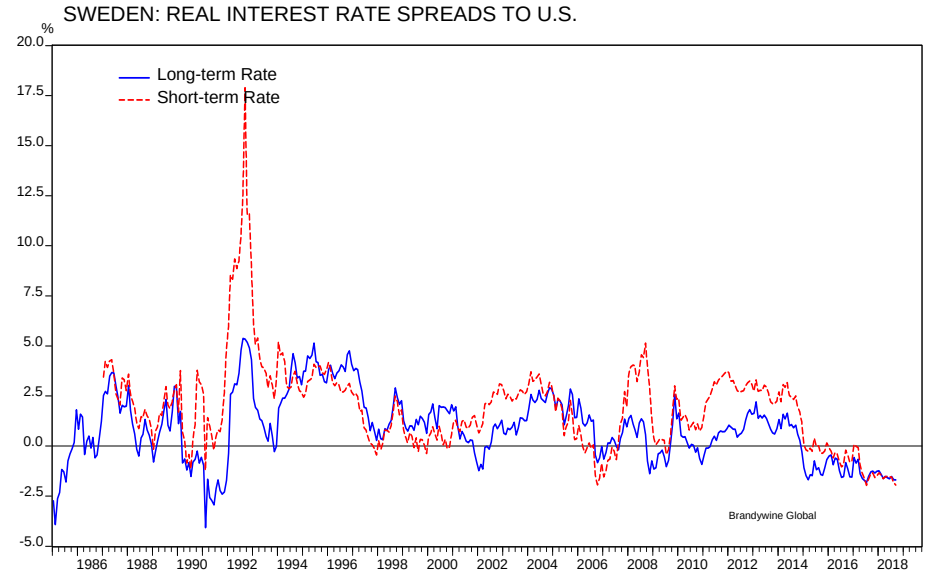
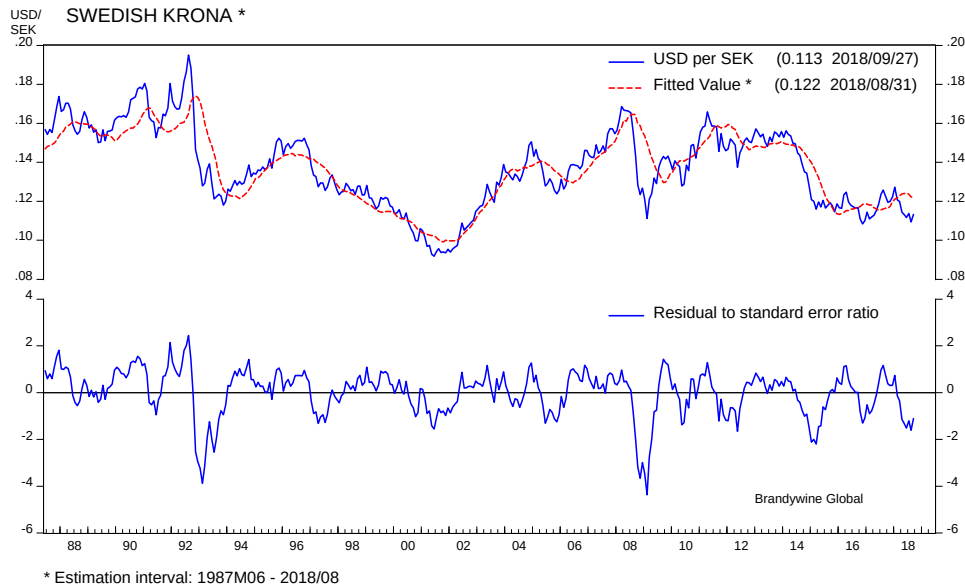
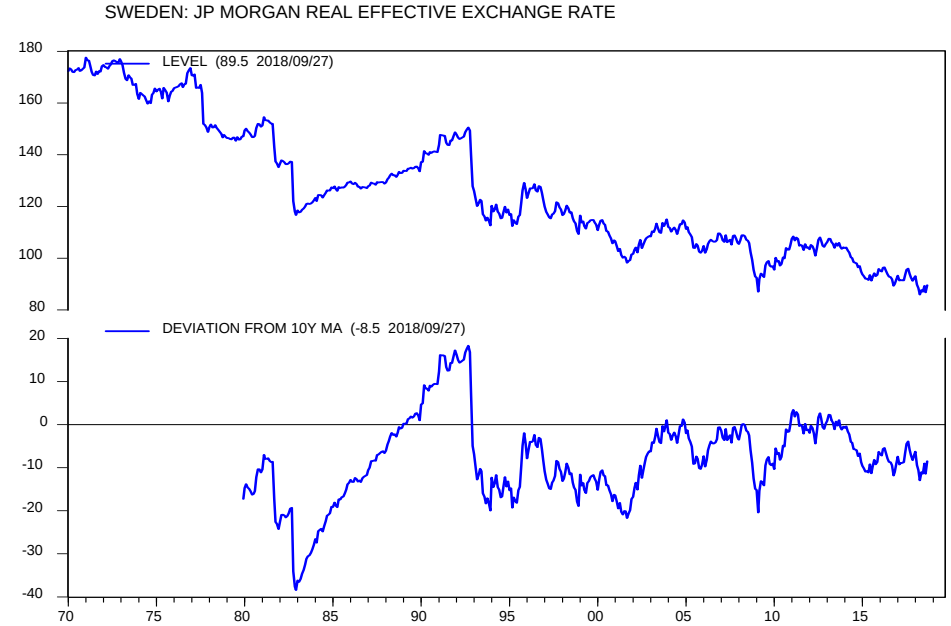
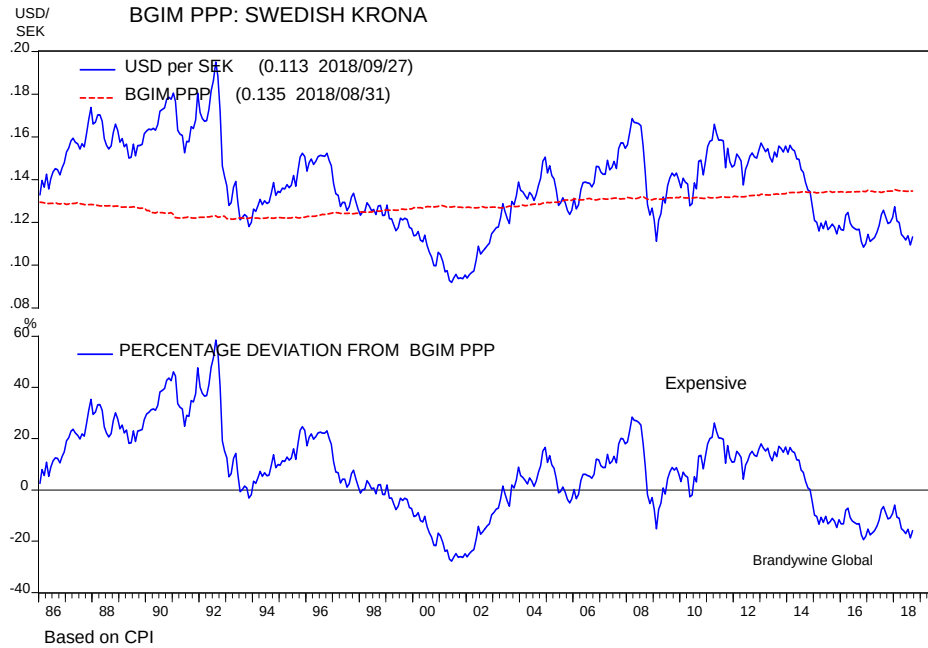


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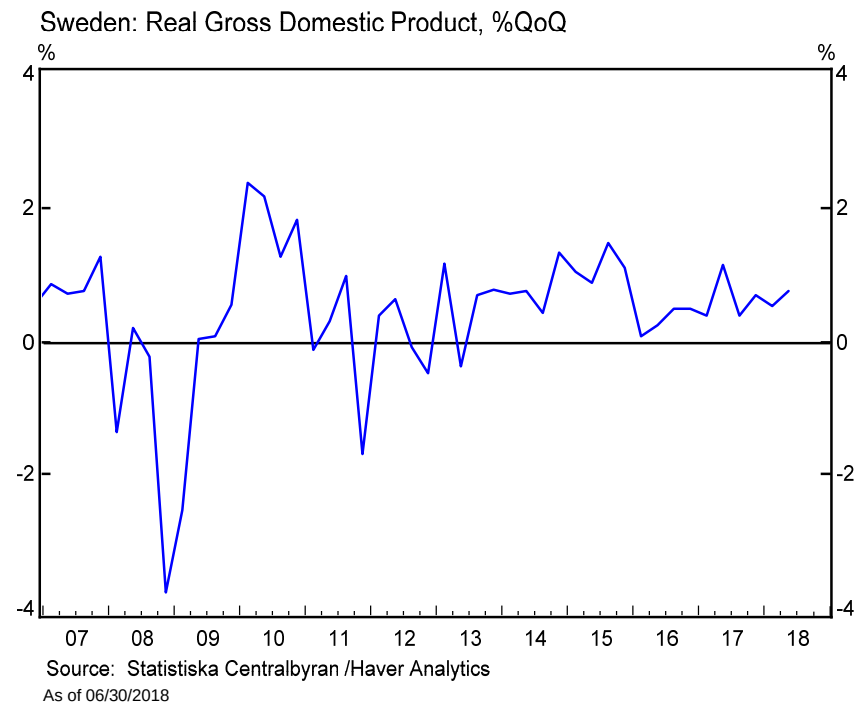
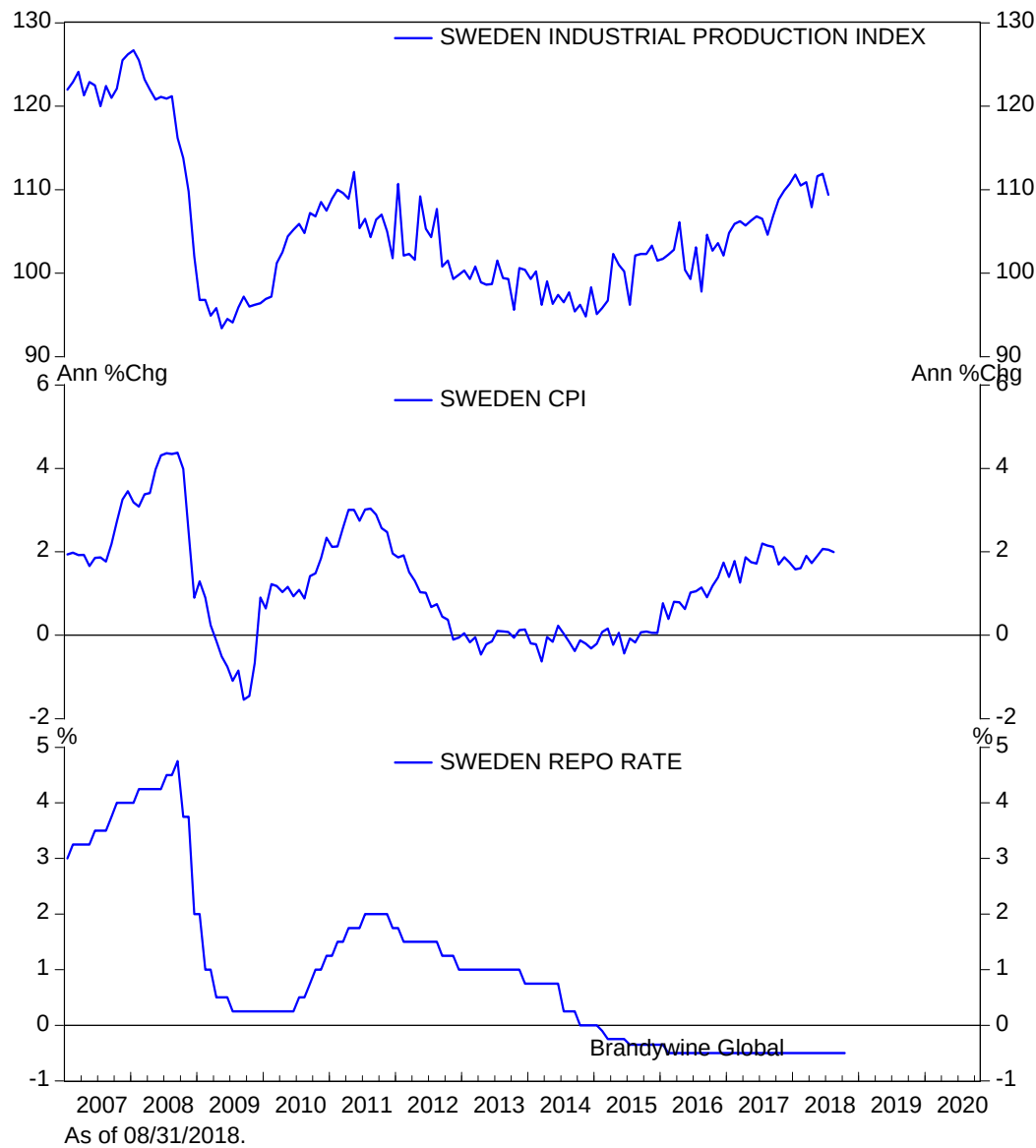
Europe Is Still Ok



SEK Is Cheap...

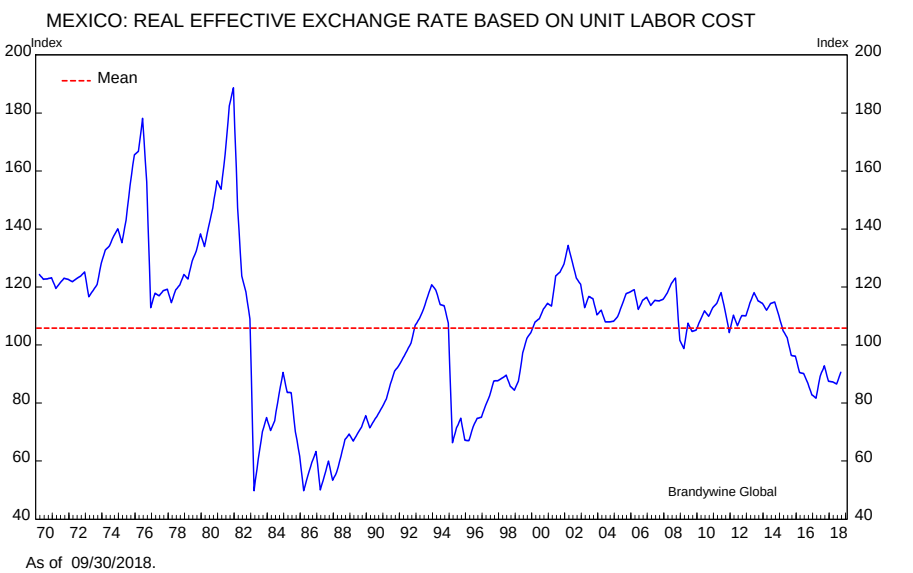
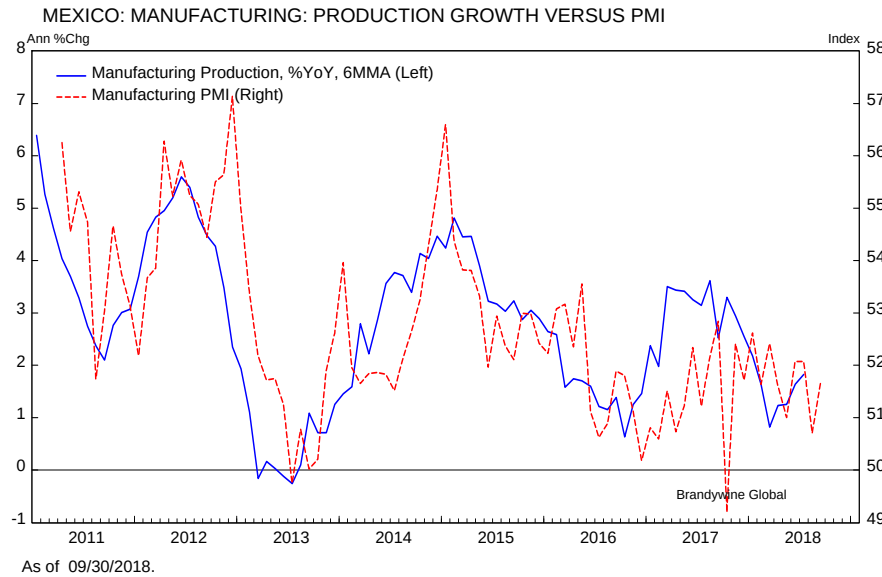
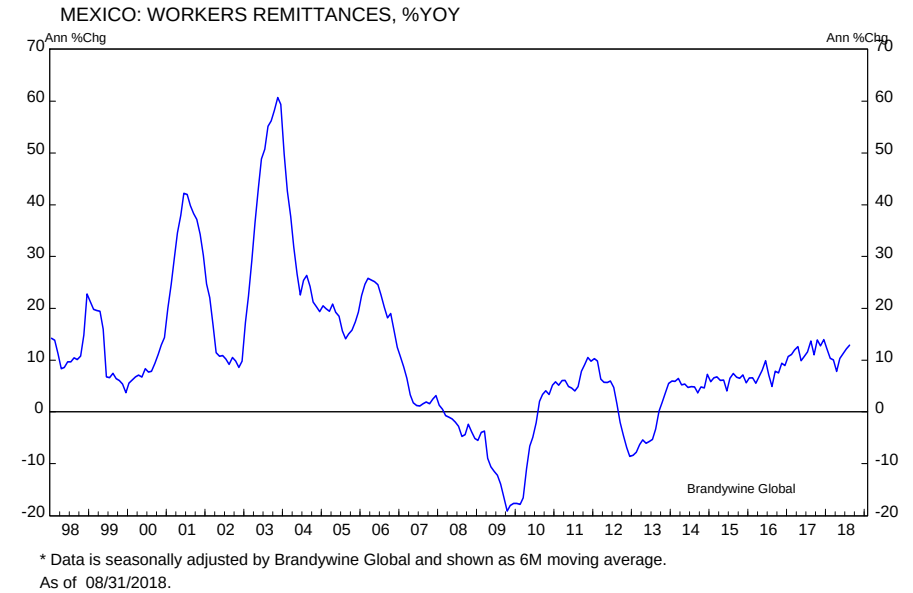
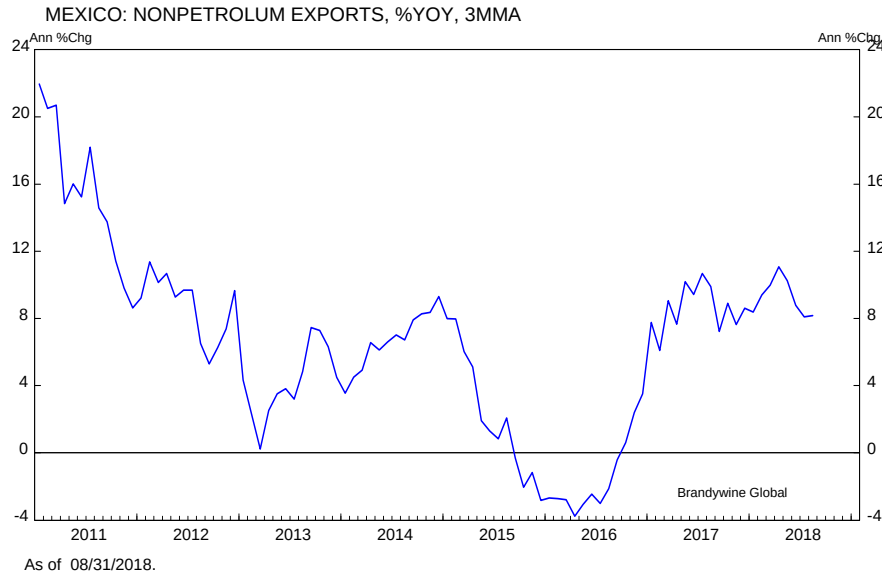


... And Misaligned with Fundamentals



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Mexican Fundamentals Look Good – MXN Could Rally Further



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