

# BW ALTERNATIVE CREDIT CIF R1

## Investment objective

BW Alternative Credit CIF seeks to provide positive returns independent of market cycles through income and capital appreciation. There is no guarantee or assurance the CIF will achieve its objective.

## Average annual total returns & fund expenses<sup>^</sup> (%) as of Mar. 31, 2017

	3 Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Inception	Expenses		Inception date
								Gross	Net	
Class R1	3.90	3.90	11.80	-	-	-	7.22	1.23	1.15	08/25/15
Citigroup 3-Month U.S. Treasury Bill Index	0.12	0.12	0.34	-	-	-	0.27			

An investor making a \$1,000 investment would pay \$11.50/year based on the net expense ratio or \$12.30/year based on the gross expense ratio shown above. The expense ratio includes no service fees payable to the plan's service providers. Because this unit class of the CIF has not yet commenced operations, performance shown above reflects the performance of Class R of the CIF, which commenced operations on August 25, 2015, restated to reflect the fees and expenses of this unit class, as shown in the table above.

**The performance data quoted represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. The investment return and unit value of the CIF will fluctuate, and units may be worth more or less than their original cost when redeemed. Returns for periods less than one year are cumulative. Performance would have been lower if fees and expenses had not been waived in various periods. Total returns assume the reinvestment of all distributions at net asset value and deduction of all CIF expenses. Performance for other unit classes will vary due to differences in class expenses.**

<sup>^</sup>Expenses consist of the annual management fee and ordinary operating expenses for this particular unit class of the CIF. Gross expenses are the CIF's total annual operating expenses for the unit class indicated. Net expenses are the CIF's total annual operating expenses for the unit class indicated and reflect fee waivers and/or reimbursements, where these reductions reduce the CIF's gross expenses. Hand Benefits & Trust Company, the CIF's Trustee, has agreed to waive fees and/or reimburse operating expenses so that the CIF's annual net expenses do not exceed the value shown above. These waivers and/or reimbursements may be reduced or terminated at any time.

**This information is provided for informational purposes only and should not be construed as a recommendation to purchase or sell any security. Risks are summarized on the next page.**

**The CIF is not a mutual fund. Its shares are not deposits of Hand Benefits & Trust Company, a Benefit Plans Administrative Services, Inc. (BPAS) company, or Brandywine Global, and are not insured by the Federal Deposit Insurance Corporation or any other agency. The CIF is a security which has not been registered under the Securities Act of 1933 and is exempt from investment company registration under the Investment Act of 1940. The CIF is newly organized and does not have a long-term operating history. As market conditions fluctuate, the investment return and principal value of any investment will change. Diversification may not protect against market risk. There are risks involved with investing, including possible loss of principal. Before investing in any investment portfolio, the client and the financial professional should carefully consider client investment objectives, time horizon, risk tolerance, and fees. For a more complete description of the investment strategy and principal risk factors, please consult the CIF's Investment Policy Statement, which is available upon request by calling 1-866-807-0886.**

*Any information, statements and opinions set forth herein are general in nature, are not directed to or based on the financial situation or needs of any particular investor, and does not constitute, and should not be construed as, investment advice, forecast of future events, a guarantee of future results, or a recommendation with respect to any particular security or investment strategy. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies should consult their financial professional.*

## Credit quality allocation (%) as of Mar. 31, 2017

AAA	4.6
AA	2.3
A	11.9
BBB	23.6
BB	18.2
B	21.5
CCC	8.5
Not Rated	5.9
Cash	3.5

## Sector allocation (%) as of Mar. 31, 2017

Mortgage Backed Securities	50.4
Corporate Bond	14.1
Government Sovereign	13.8
Bank Loan	9.1
Collateralized Loan Obligation	7.0
Cash	3.4
Asset Backed Securities	1.4
Credit Default Swap	1.2
Currency Forwards	-0.1
Bond Futures	-0.2

**For use only with eligible qualified retirement plan sponsors and participants.**

INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

## Share class codes

	CUSIP
R1	41024C679

## Investment strategy

### A flexible long and short approach

Brandywine Global, the CIF's sub-adviser, will invest across the global credit spectrum with the objective of providing positive returns independent of market cycles, through a high level of income and capital appreciation. Brandywine Global takes a flexible, long and short approach, rotating among global credit opportunities that the adviser finds most attractive; investments may include, but are not limited to: corporate bonds; sovereign or government securities; convertible securities; agency and non-agency mortgage-backed securities; asset-backed securities; bank loans; common and preferred stock; and currencies. The manager combines top-down, global macro analysis of countries and currencies with fundamental issuer analysis to find what the managers believe are undervalued sectors and issuers.

## Hand Composite Employee Benefit Trust

The BW Alternative Credit CIF is a collective investment fund created by the Hand Composite Employee Benefit Trust and sponsored by Hand Benefits & Trust Company, a BPAS company (Trustee), that invest in strategies of Brandywine Global which serves as the Sub-Adviser to the CIF. The Trustee has appointed Brandywine Global to serve as the investment Sub-Adviser for the CIF, subject to the supervision and oversight of the Trustee. Neither the CIF nor the Trust are registered under the Investment Company Act of 1940, as amended, and their units are not registered under the Securities Act of 1933, as amended, or applicable securities laws of any state or other jurisdiction. As described in the Trust's governing documents, the CIF is only available for investment by eligible plan investors. The CIF is not insured by the Trustee or Brandywine Global, or any of their respective affiliates, the FDIC or any other person.

## Statistics as of Mar. 31, 2017

Net assets (\$ millions)	\$57.2M
Number of holdings	58
Effective duration	-0.4 yrs
Average maturity	14.2 yrs
Morningstar category	Nontraditional Bond

**Credit quality** is a measure of a bond issuer's ability to repay interest and principal in a timely manner. The credit ratings shown are based on each portfolio security's rating as provided by Standard and Poor's, Moody's Investors Service and/or Fitch Ratings, Ltd. and typically range from AAA (highest) to D (lowest), or an equivalent and/or similar rating. For this purpose, Brandywine Global Investment Management assigns each security the middle rating from these three agencies. When only two agencies provide ratings, the lower of the two ratings will be assigned. When only one agency assigns a rating, that rating will be used. Securities that are unrated by all three agencies are reflected as such. The credit quality of the investments in the Funds portfolio does not apply to the stability or safety of the Fund. These ratings are updated monthly and may change over time. **Please note, the Fund itself has not been rated by an independent rating agency.**

## BW ALTERNATIVE CREDIT CIF R1

### Top currencies (%) as of Mar. 31, 2017

US Dollar	88.4
Mexican Peso	5.4
Brazilian Real	3.9
Argentine Peso	1.3
Indonesian Rupiah	1.0
British Pound	0.1

### Top countries (%) as of Mar. 31, 2017

United States	65.2
United Kingdom	10.0
Brazil	9.9
Mexico	5.4
Argentina	3.6
Jamaica	1.7
Indonesia	1.0
Germany	-0.1

### Top 10 holdings (%) as of Mar. 31, 2017

OAK HILL CREDIT PARTNERS OAKC	7.1
MEX BONOS DESARR FIX RT BONDS	5.4
RMAC SECURITIES PLC RMACS 2006	4.6
FANNIE MAE CONNECTICUT AVENUE FRN 05/25/2024	4.5
NOTA DO TESOURO NACIONAL NOTES	3.9
STRUCTURED AGENCY CREDIT RISK	3.9
FREMF Mortgage Trust	3.5
WACHOVIA BANK COMMERCIAL MORTG VAR 04/15/2047	3.0
Capsugel Holdings U.S. Inc.	2.7
MORGAN STANLEY DEAN WITTER CAP	2.7

The BW Alternative Credit CIF is newly organized and does not have a long-term operating history. Information shown below is for a mutual fund ("Related Fund") managed by Brandywine Global in accordance with investment objectives, policies and strategies substantially similar to the CIF. The performance information shown below reflects the fees and expenses of the Related Fund, but not the fees and expenses of the CIF. The net expense ratio of the class of shares of the Related Fund whose performance is shown below is higher than the CIF's net expense ratio. It is important to note that the performance results presented do not represent the performance of the CIF and are no indication of how the CIF would have performed in the past or will perform in the future. This information is intended for illustrative purposes only.

### Average annual total returns & fund expenses<sup>A</sup> (%) as of Mar. 31, 2017

	3 Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Inception	Net Expenses	Inception date
Class IS	3.84	3.84	10.18	3.14	5.94	—	12.72	1.27	08/31/10
Citigroup 3-Month U.S. Treasury Bill Index	0.12	0.12	0.34	0.15	0.11	—	—		
Bloomberg Barclays Global High Yield (USD)	3.18	3.18	13.25	3.66	6.53	—	—		

### Cumulative total returns (%) as of Mar. 31, 2017 (without sales charges)

	3 Mo	YTD	2016	2015	2014	2013	2012	2011	2010	2009	2008
Class IS	3.84	3.84	5.90	-5.76	10.10	7.20	18.36	17.88	—	—	—
Citigroup 3-Month U.S. Treasury Bill Index	0.12	0.12	0.27	0.03	0.03	0.05	0.07	0.08	—	—	—
Bloomberg Barclays Global High Yield (USD)	3.18	3.18	14.27	-2.72	0.01	7.33	19.60	3.12	—	—	—

**Performance shown represents past performance and is no guarantee of future results.** Current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate, so shares, when redeemed, may be worth more or less than the original cost. Total returns assume the reinvestment of all distributions at net asset value and the deduction of all Related Fund expenses. Total return figures are based on the NAV per share applied to shareholder subscriptions and redemptions, which may differ from the NAV per share disclosed in Related Fund shareholder reports. Performance would have been lower if fees had not been waived in various periods. YTD is calculated from January 1 of the reporting year. Returns for periods of less than one year are cumulative. All classes of shares may not be available to all investors or through all distribution channels. For the most recent month-end information, please visit [www.leggmasonfunds.com](http://www.leggmasonfunds.com).

<sup>A</sup> Gross expenses are the Fund's total annual operating expenses for the share class(es) shown. Net expenses for Class IS reflect contractual fee waivers and/or reimbursements, where these reductions reduce the Fund's gross expenses, which cannot be terminated prior to Dec 31, 2017 without Board consent.

### Brandywine Global

Brandywine Global Investment Management, LLC (Brandywine Global), a subsidiary of Legg Mason, Inc., acts as the sub-advisor to the BW Alternative Credit CIF (CIF). Since their founding in 1986, Brandywine Global, a value-investing pioneer, has refined classic value-investing principles and applied them to many new types of securities and market sectors.

### Principal investment risks

Among the principal risks of investing in the CIF are interest rate, credit, reinvestment, derivatives, international investment, asset-backed and mortgage-backed securities, non-diversification risks, and possible loss of principal. As interest rates rise, the value of fixed-income securities falls. High-yield bonds possess greater price volatility, illiquidity and possibility of default. Asset-backed, mortgage-backed or mortgage-related securities are subject to prepayment and extension risks. International investments are subject to special risks, including currency fluctuations, as well as social, economic and political uncertainties, which could increase volatility. These risks are magnified in emerging markets. Equity securities are subject to price fluctuation and possible loss of principal. Derivatives, such as options and futures, can be illiquid, may disproportionately increase losses and have a potentially large impact on CIF performance. Potential active and frequent trading may result in higher transaction costs and increased investor liability. The use of leverage may increase volatility and possibility of loss. The manager's investment style may become out of favor and/or the manager's selection process may prove incorrect; which may have a negative impact on the CIF's performance. The CIF is non-diversified and may invest its assets in a limited number of issuers or strategies. The CIF may engage in short selling, which is a speculative strategy that involves special risks. Unlike the possible loss on a security that is purchased, there is no limit on the amount of loss on an appreciating security that is sold short. Leverage may increase volatility and possibility of loss. The CIF may use derivatives to a significant extent, which could result in substantial losses and greater volatility in the CIF's net assets. Plans and their participants could lose money by investing in the CIF.

**A more complete description of the principal risks of investing in the CIF can be found in the CIF's Investment Policy Statement, which is available upon request by calling Legg Mason Shareholder Services at 1-866-807-0886.**

**Citigroup 3-Month U.S. Treasury Bill Index** represents monthly return equivalents of yield averages of the last 3 month Treasury Bill issues. Please note an investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

The **Bloomberg Barclays Global High-Yield Index** is a multi-currency measure of the global high-yield debt market. The Index represents the union of the U.S. High-Yield, Pan-European High-Yield, U.S. Emerging Markets (EM) Hard Currency High Yield Indices. Investors cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.