



## Monthly Performance Report June 2015

### Performance Summary

Brandywine's Symphony globally-diversified investment program dropped -1.82% in June and the aggressively-traded Brandywine Symphony Preferred lost -6.35% during the month.

Investment	June 2015	12-Month Returns	2015	(1) Annualized Return	(1) Annualized Volatility	(1) Maximum Drawdown	(1) Sharpe Ratio
Brandywine Symphony Program	-1.82%	-7.67%	+3.53%	+3.36%	8.24%	-13.94%	0.40
Brandywine Symphony Preferred	-6.35%	-25.66%	+9.16%	+11.91%	29.26%	-38.11%	0.41
S&P 500 TR	-1.94%	+7.42%	+1.23%	+14.22%	11.54%	-13.87%	1.23

(1) Since the start of trading in Brandywine's Symphony Program in July 2011.

### Where's the Alpha?

At a dinner in late 2013, Brandywine's principals spent some time talking with the alternatives head at one of the large research firms. She made the comment that it appeared to be getting more and more difficult to capture alpha (excess returns over those earned simply by buying the "market"). We've continued to hear this refrain from others more recently as well. For readers of these reports, you understand that alpha is simply the term people use to describe Return Drivers that are not yet widely disseminated or accepted in the public domain. Which means that, almost by definition, alpha should *always* be difficult to find, as it's only alpha if its not commonly known!

But that's not the reason people state alpha is hard to find. The primary reason for those comments is that most people do not yet embrace a Return Driver based approach to investing and instead try to uncover alpha by looking in the same places that others are looking. Unfortunately, it's over-tilled ground and unlikely to be fertile territory for new discoveries.

In contrast, it's our belief that there are numerous sources of alpha available to be exploited. Brandywine has looked at hundreds of potential Return Drivers and we have been comfortable enough with a few dozen of them to incorporate them into the investment strategies used in Brandywine's Symphony Program. Without getting into specifics (obviously, we need to be careful not to expose our sources of alpha lest we turn them into 'smart beta'), let's look at a recent example of two that have contributed to Brandywine's positive performance this year.

A number of Brandywine's investment strategies are based on Return Drivers designed to exploit people's behavior. Over the past few decades, due to the excellent research conducted by people like Amos Tversky and Daniel Kahneman, what many previously suspected has been proven. For a variety of reasons, the average person is a terrible investor. The vast majority of people underperform the very funds into which they invest— by as much as 5% per year on average. This indicates the potential for an investment strategy based on a Return Driver designed to exploit this

*Brandywine's Symphony Program is a globally-diversified investment program that incorporates multiple fundamentally-based trading strategies in a systematic portfolio that trades across more than 100 global financial and commodity markets.*

*Brandywine Symphony Preferred trades more aggressively at 3 times the standard risk of Brandywine's Symphony Program, yet still targets a maximum drawdown to be less than that of the S&P 500.*

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.

THERE IS THE RISK OF LOSS AS WELL AS THE OPPORTUNITY FOR GAIN WHEN INVESTING WITH BRANDYWINE.

behavior by ‘fading’ the crowd. In particular, one of Brandywine’s strategies captures returns by looking at money flows into and out of bond and stock market ETFs. When the flows indicate irrational exuberance, the strategy takes short positions and in periods of despair, the strategy potentially enters into long positions. While many other futures managers have struggled in 2015, this approach proved profitable throughout the first half of this year.

A second strategy, also designed to exploit people’s behavior, uses measures that indicate people’s expectations for future price levels in a broad range of markets. It uses this information to selectively enter into positions in deferred futures contracts. Investment strategies based on this Return Driver have been Brandywine’s strongest performers to date in 2015.

Because these strategies are based on Return Drivers that exploit human behavior, we don't expect them to be negatively affected by some of the ‘usual’ excuses assigned to the apparent decline in other sources of alpha, such as central bank intervention, high frequency trading or the globalization of markets.

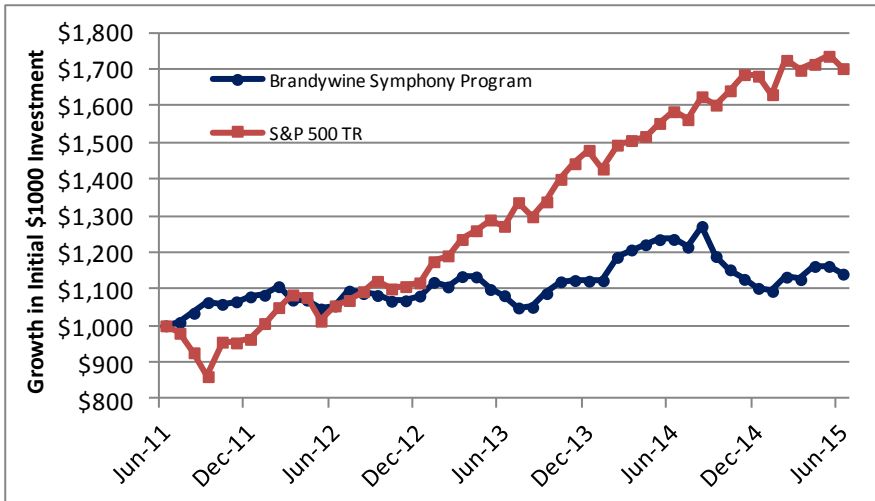
But these are only a couple of the dozens of Return Driver based investment strategies employed by Brandywine. There are dozens, if not hundreds, of other relevant Return Drivers that can be developed into strategies to profit from the movement of hundreds of other markets. This provides the fuel for Brandywine’s ongoing research.

If you are a serious investor and would like to discuss Brandywine’s Return Driver based investment philosophy and our ongoing research with us, please feel free to contact Rob Proctor or Joe Gabor and we will schedule a presentation.

Rob Proctor, Principal: 610.361.1000 x105 — rob@brandywine.com  
Joe Gabor, Director: 610.361.1000 x102 — joe@brandywine.com

Thank you.

**Brandywine Symphony Program**



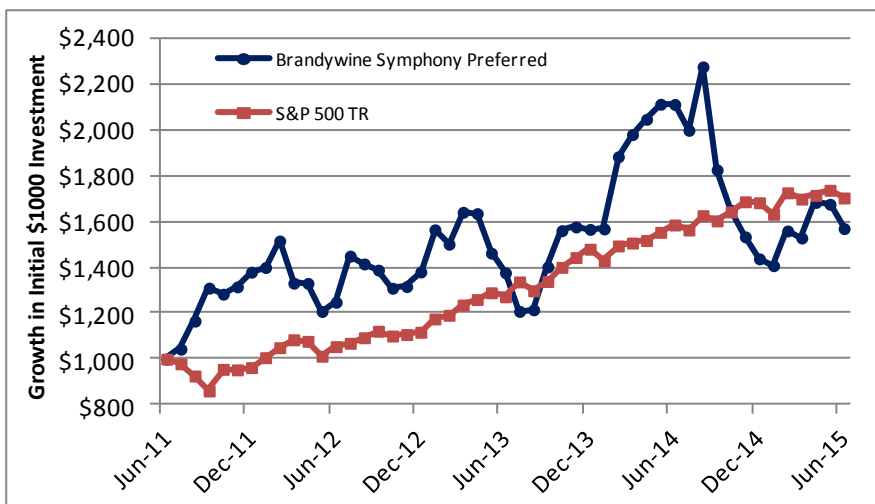
**Summary Statistics**

Years	4
Annualized Return	3.36%
Annualized Volatility	8.24%
Maximum Drawdown	-13.94%
% Profitable Months	58%
% Profitable Rolling 12-Months	73%
Correlation to S&P 500	0.20
Sharpe Ratio	0.40
Sortino Ratio	0.72

**Monthly Performance**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YEAR
2015	-0.74%	3.55%	-0.60%	3.20%	0.01%	-1.82%							3.53%
2014	0.10%	5.68%	1.71%	1.18%	1.14%	0.05%	-1.71%	4.65%	-6.46%	-3.05%	-2.26%	-2.18%	-1.75%
2013	3.46%	-1.10%	2.55%	-0.08%	-3.03%	-1.54%	-3.09%	0.16%	3.57%	2.95%	0.32%	-0.16%	3.77%
2012	0.41%	2.17%	-3.31%	0.00%	-2.28%	0.79%	3.85%	-0.61%	-0.48%	-1.45%	0.11%	1.20%	0.20%
2011							0.92%	2.47%	2.83%	-0.45%	0.65%	1.27%	7.90%

**Brandywine Symphony Preferred**



**Summary Statistics**

Years	4
Annualized Return	11.91%
Annualized Volatility	29.26%
Maximum Drawdown	-38.11%
% Profitable Months	52%
% Profitable Rolling 12-Months	70%
Correlation to S&P 500	0.16
Sharpe Ratio	0.41
Sortino Ratio	0.78

**Monthly Performance**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YEAR
2015	-2.07%	10.76%	-1.98%	10.16%	-0.47%	-6.35%							9.16%
2014	0.12%	20.09%	5.13%	3.36%	3.22%	-0.04%	-5.35%	13.85%	-19.76%	-9.65%	-7.02%	-6.25%	-8.20%
2013	13.32%	-4.02%	9.26%	-0.35%	-10.56%	-5.85%	-12.22%	0.57%	15.39%	11.27%	1.03%	-0.67%	13.44%
2012	1.48%	8.27%	-12.14%	-0.07%	-9.20%	3.32%	16.13%	-2.36%	-1.91%	-5.69%	0.55%	4.85%	0.08%
2011							4.34%	11.72%	12.33%	-2.01%	2.47%	4.86%	37.88%

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