



## Monthly Performance Report September 2015

### Performance Summary

Brandywine's Symphony globally-diversified investment program lost -1.48% in September and the aggressively-traded Brandywine Symphony Preferred lost -5.47% during the month.

Investment	September 2015	12-Month Returns	2015	(1) Annualized Return	(1) Annualized Volatility	(1) Maximum Drawdown	(1) Sharpe Ratio
Brandywine Symphony Program	-1.48%	-11.52%	-4.54%	+1.20%	8.72%	-17.23%	0.13
Brandywine Symphony Preferred	-5.47%	-35.02%	-17.49%	+4.09%	30.40%	-47.86%	0.13
S&P 500 TR	-2.47%	-0.61%	-5.29%	+11.57%	11.86%	-13.87%	0.97

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

Over the last week of September, Brandywine's slight monthly profit reversed to a moderate loss, with Brandywine's Symphony Program closing the month down -1.48% and the aggressively-traded Brandywine Symphony Preferred Fund closing down -5.47%. In contrast to July's large sell-off, over the past two months Brandywine Symphony's performance has fluctuated in its tightest range of the past year, as shifting sentiment and other conditions have resulted in the various strategies within the Program partially offsetting each other's positions. Interestingly (and illustrative of Brandywine's non-correlation to other investments), over that period the S&P 500 posted its largest trading range in more than three years.

### The Psychology of Investing

"It was the best of times, it was the worst of times..." is not just the opening line to Charles Dickens' *A Tale of Two Cities*, it is also an apt description of the emotions facing investors and their investment managers.

When Brandywine's Symphony Program was hitting new performance highs in August 2014, it was the "best of times." Over its first 38 months of trading, Brandywine's Symphony Program had posted a Sharpe ratio of more than 1.0, in line with our high expectations. This resulted in our aggressively-traded Brandywine Symphony Preferred Fund being awarded the top Macro Fund by HFM Week (in the under \$1 billion category).

But paradoxically, it was also the "worst of times" from the standpoint of what was to come. Over the ensuing 13 months (through September 2015) the Program and Fund suffered through their longest and deepest performance drawdowns.

This stark comparison illustrates why successful investing is such a difficult pursuit. Just as the best of times emotionally do not ensure future profits, it is often the worst of times that are the best time to invest. Take for example, March of 2009. Global stock markets had suffered through one of their most difficult periods since the Great Depression of the 1930s. Stocks had lost half or more of their value in the preceding 18 months. The news programs were filled with reasons why things would get worse

*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 to 4 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.*

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before they got better. Very few people were comfortable putting money into stocks at those lows. Yet as we all know that was precisely the best of times to put money into stocks.

While individuals and even many institutional investors often succumb to these emotional swings, the most successful investment professionals have processes in place to counter, and even exploit, the negative effect of potentially damaging emotions. This is exemplified in Warren Buffett's oft-quoted comment to "be fearful when others are greedy and greedy when others are fearful."

### **Brandywine's Approach to Controlling and Exploiting Emotions**

Brandywine was founded in 1982. Over the past 33 years we have become quite familiar with the emotional swings that come with trading. Brandywine's Symphony Program is built on that experience and the result is that our approach is designed to both manage and exploit emotions.

Our primary approach to managing emotions is to trade pursuant to a systematic trading model. Although discretion is used during the research and development of our trading model, its daily application is 100% systematic. The result is that there is no urgent impulse for Brandywine to "do something" when we're suffering losses. We will certainly use the experience to guide us in our future research, as we want to learn from our difficulties in order to continually improve our potential future performance. But we won't make changes on the fly, as the effectiveness of our trading model is based on its consistent application over time.

We exploit emotions by employing, as a portion of our portfolio, trading strategies designed to capture the emotional swings of market participants. This includes both periods when emotions are building and contributing to market trends, in which case some of our strategies attempt to profit from those trends; and times when market sentiment in specific markets hits what is historically an unsustainable extreme, at which time we enter into (generally shorter-term) counter-trend positions.

Of course, as we've seen over the past year, there will be periods where despite the positive expected returns from our strategies a majority of them will 'get it wrong' at the same time. That's essentially the cause of any drawdown. However, the past two months have started to exhibit a different behavior. There has been much better balance between strategies that have performed well and those that have not. Our tight performance range is one result of this. Our currently moderate margin-to-equity ratio is another. But regardless of the short-term performance, we are confident that the best way to recover from a drawdown and to profit over the longer-term is to continue with the consistent application of our trading model.

### **Brandywine News**

Although it has been a challenging environment for Brandywine's trading model over the past year, Brandywine has continued to grow and invest in our future performance, as evidenced by the following:

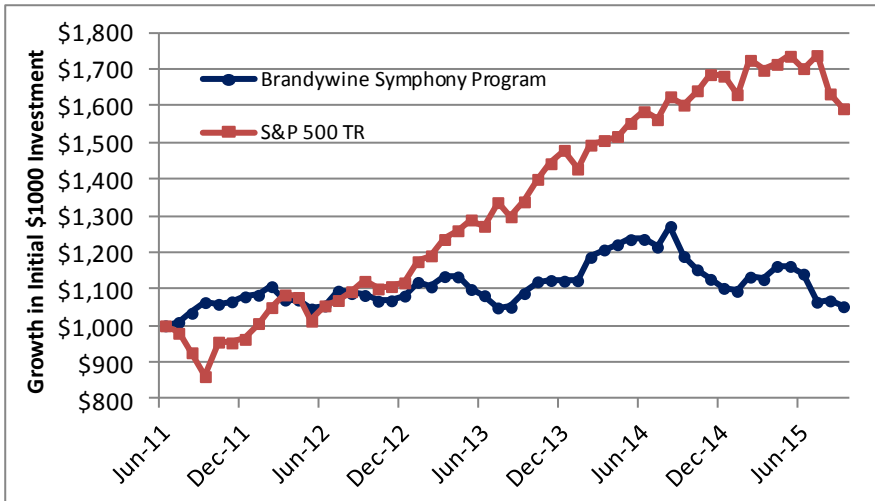
Our assets under management (AUM) have grown 30% over the past year, to over \$40 million today.

Brandywine's initial seed investor has renewed their commitment to Brandywine for an additional three years.

We'd also like to introduce you to Joe Gabor, who joined Brandywine in January and for the past nine months has been taking on the client support and marketing role at Brandywine. Joe has over 20 years of trading, portfolio management, and advisory experience, with an emphasis on derivatives and market neutral strategies. He has pioneered trading desks at DLJ and Lehman Brothers, and was a partner at Cantor Fitzgerald. He has been an advisor to leading hedge funds and corporations.

Joe assumes much of the role that has been ably handled over the past four years by Rob Proctor. Rob has moved from futures to physicals and is now helping to grow the business of Vermont Natural Beef, a producer of custom grown natural beef and an interest of Rob's for the past decade.

**Brandywine Symphony Program**



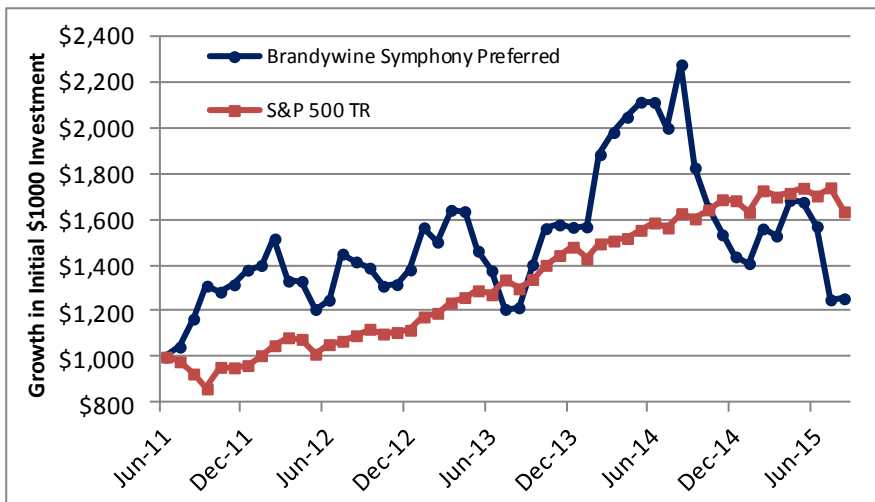
**Summary Statistics**

Years	4 1/4
Annualized Return	1.20%
Annualized Volatility	8.72%
Maximum Drawdown	-17.23%
% Profitable Months	57%
% Profitable Rolling 12-Months	68%
Correlation to S&P 500	0.17
Sharpe Ratio	0.13
Sortino Ratio	0.22

**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%	-6.72%	0.33%	-1.48%				-4.54%
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 1/4
Annualized Return	4.09%
Annualized Volatility	30.40%
Maximum Drawdown	-47.86%
% Profitable Months	51%
% Profitable Rolling 12-Months	65%
Correlation to S&P 500	0.15
Sharpe Ratio	0.13
Sortino Ratio	0.24

**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%	-20.36%	0.40%	-5.47%				-17.49%
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%

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.