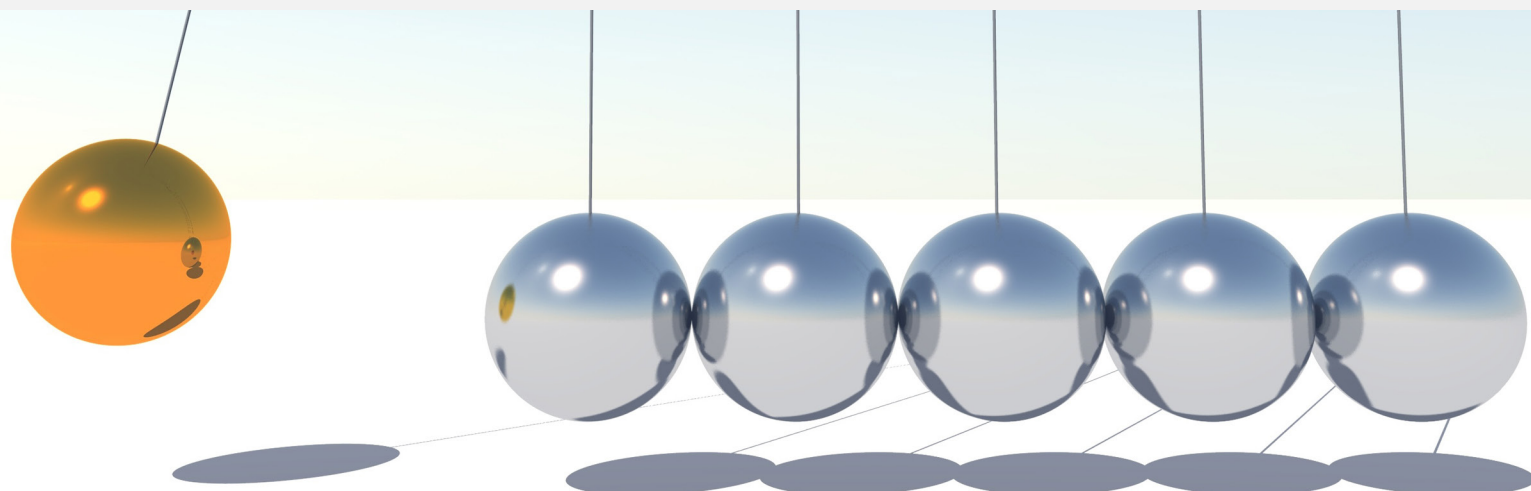




Are Your Portfolios Ready for Reversals?

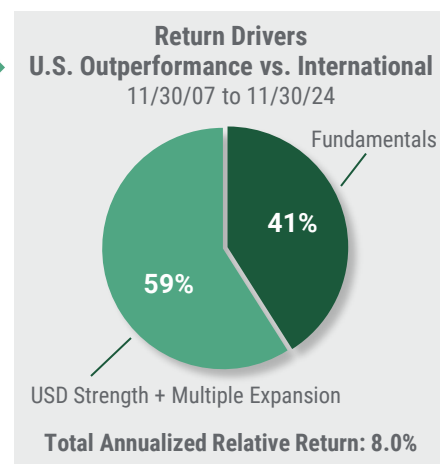
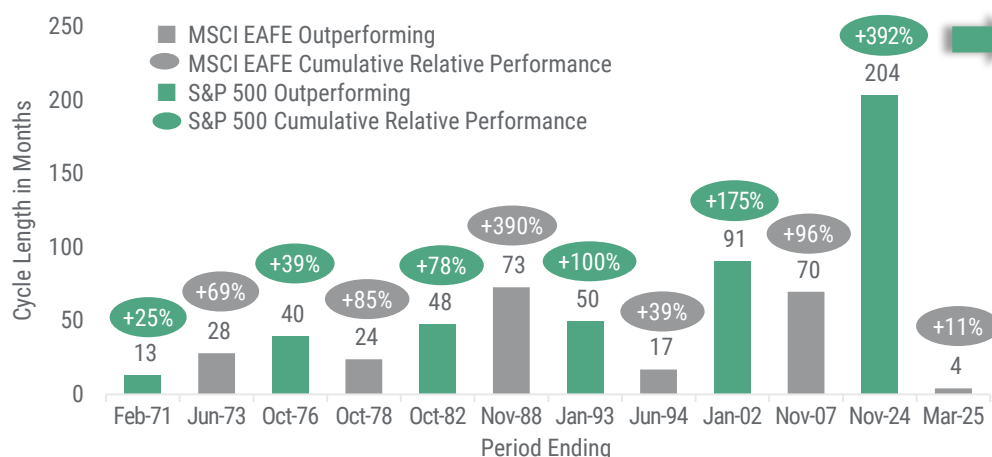
As we entered 2025, U.S. stocks continued their long-term performance dominance vs. international stocks. However, the dramatic outperformance of international stocks vs. U.S. stocks (MSCI EAFE vs. S&P 500) and value stocks vs. growth stocks (MSCI World Value vs. MSCI World Growth) in the first quarter of 2025¹ reminded us again that diversification can be an important component to guard against quick swings in market sentiment. While we cannot predict if this pattern will continue, we believe that international and value stocks offer compelling return potential based on their current valuation levels.

Reversals Can—and Did—Happen

After a prolonged period of underperformance, it is not surprising that there had been little demand to invest in non-U.S. equities, with many investors seemingly thinking that a reversal may never happen. However, history has shown that markets did cycle, and these cycles—although not consistent—tended to last quite a while.

Interestingly, the most recent U.S.-led cycle was only partly shaped by company fundamentals. A strong U.S. dollar and lofty investor enthusiasm driving up valuations (i.e., “multiple expansion”) also played a big role. These two factors powered approximately 4.7% annualized of U.S. outperformance (representing 59% of outperformance) versus international markets since late 2007, but we believe they are less likely to continue going forward.

U.S. vs. International Equity Performance Cycles

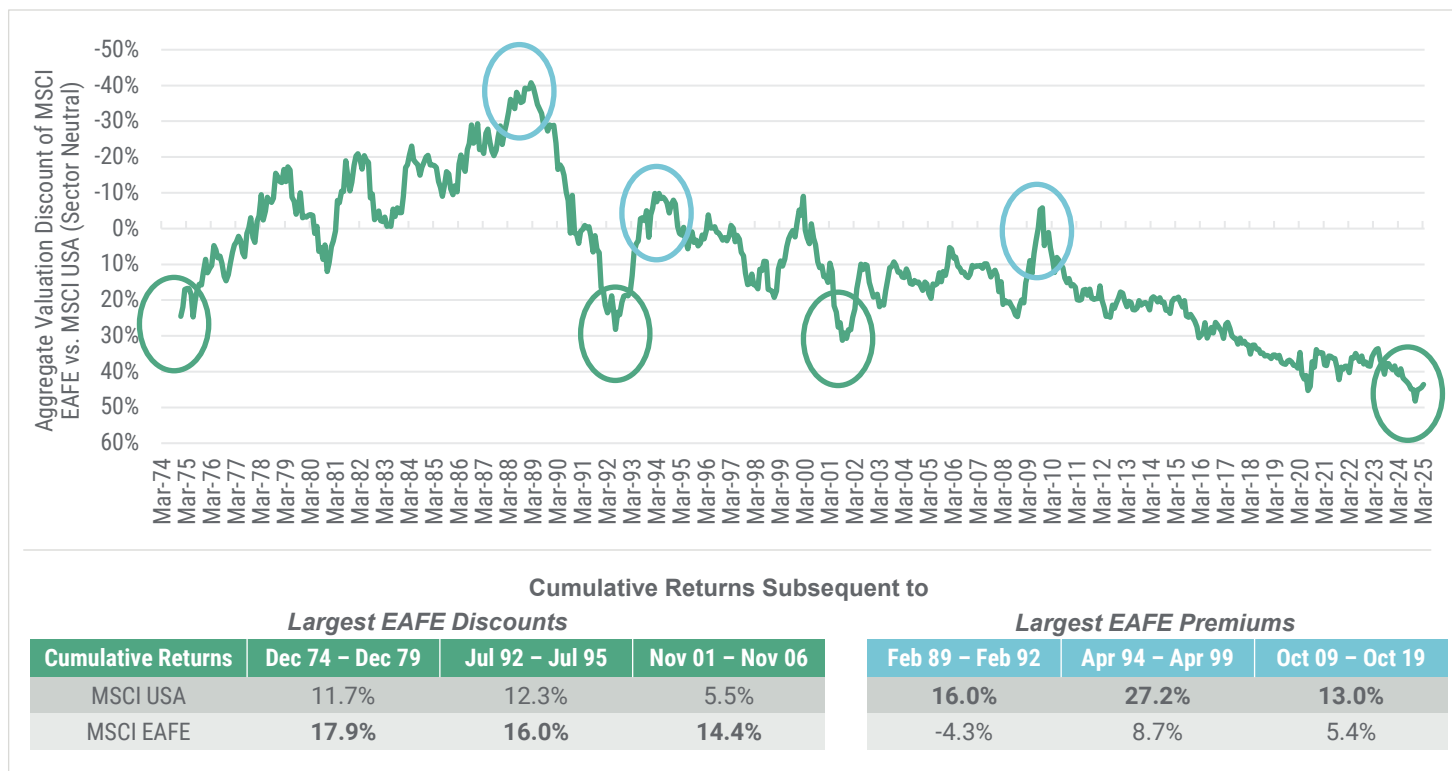


RELATIVE PERFORMANCE OF MSCI EAFE VS S&P 500 MEASURED MONTHLY, FEBRUARY 1, 1970, TO MARCH 31, 2025 | Source: FactSet, MSCI. Cycles are based on sustained outperformance on a cumulative basis over periods of at least 12 months. For return drivers: multiple expansion is measured by the change in forward price/earnings during the period; USD strength is measured by IBS real exchange rate data for USD vs. narrow basket (which covers 27 currencies); fundamentals are measured by earnings-per-share growth and dividend yield. Past performance is not a guarantee of future results. It is not possible to invest directly in an index. MSCI EAFE Index inception is March 31, 1986. Performance shown prior to inception is the result of back-testing by the index provider. There may be frequent material differences between back-tested performance and actual results. MSCI EAFE net return vs S&P 500 total return.

International Equities: Ripe for Opportunities

Following the outperformance of international stocks in the first quarter, valuations for U.S. equities remain elevated. On a sector-adjusted basis, international stocks continue to trade near some of the largest valuation discounts versus U.S. stocks. Historically, such valuation discounts have often preceded appealing returns for international stocks relative to their U.S. counterparts.

Sector Neutral Valuations of MSCI EAFE vs. MSCI USA



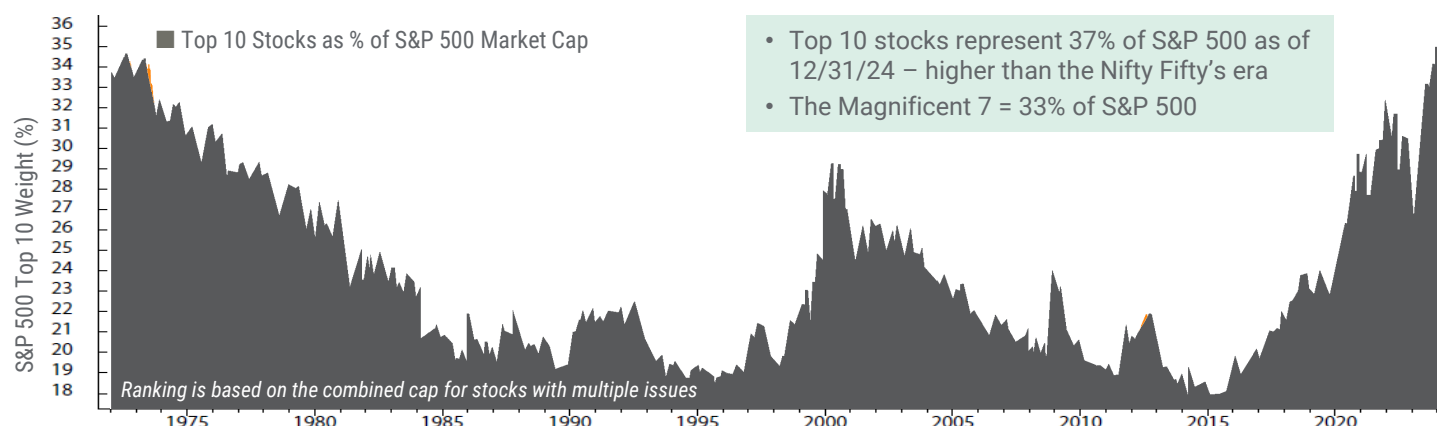
DECEMBER 31, 1974 TO MARCH 31, 2025 | Source: MSCI via FactSet. Past performance is not a guarantee of future results. It is not possible to invest directly in an index. For each fundamental ratio (Price/Book, Price/Earnings, Price/Cash Flow), we calculate the average ratio of the MSCI EAFE Index and divide it by the average ratio of the MSCI USA Index on a sector neutral basis to determine the relative valuation. Aggregate valuation discount based on the average of each individual metric's valuation discount of the MSCI EAFE index relative to MSCI USA. The inception date for the MSCI EAFE Index and MSCI USA is March 31, 1986. Performance shown prior to inception is the result of back-testing by the index provider. There may be frequent material differences between back-tested performance and actual results.

U.S. Market Dominance and the Importance of Diversification

The dominance of the U.S. market has led many investors to become overexposed to U.S. equities—and to growth stocks, as the largest allocations in the U.S. market (S&P 500) consist of predominantly growth companies, many of them tech-related.

Predicting when the tide may turn or when market negativity may peak is impossible. Thus, we believe the recent market shifts serve as a crucial reminder of the importance of diversification, and why international equities and value stocks should consistently be part of a diversified equity portfolio.

S&P 500 Has Become More Concentrated²

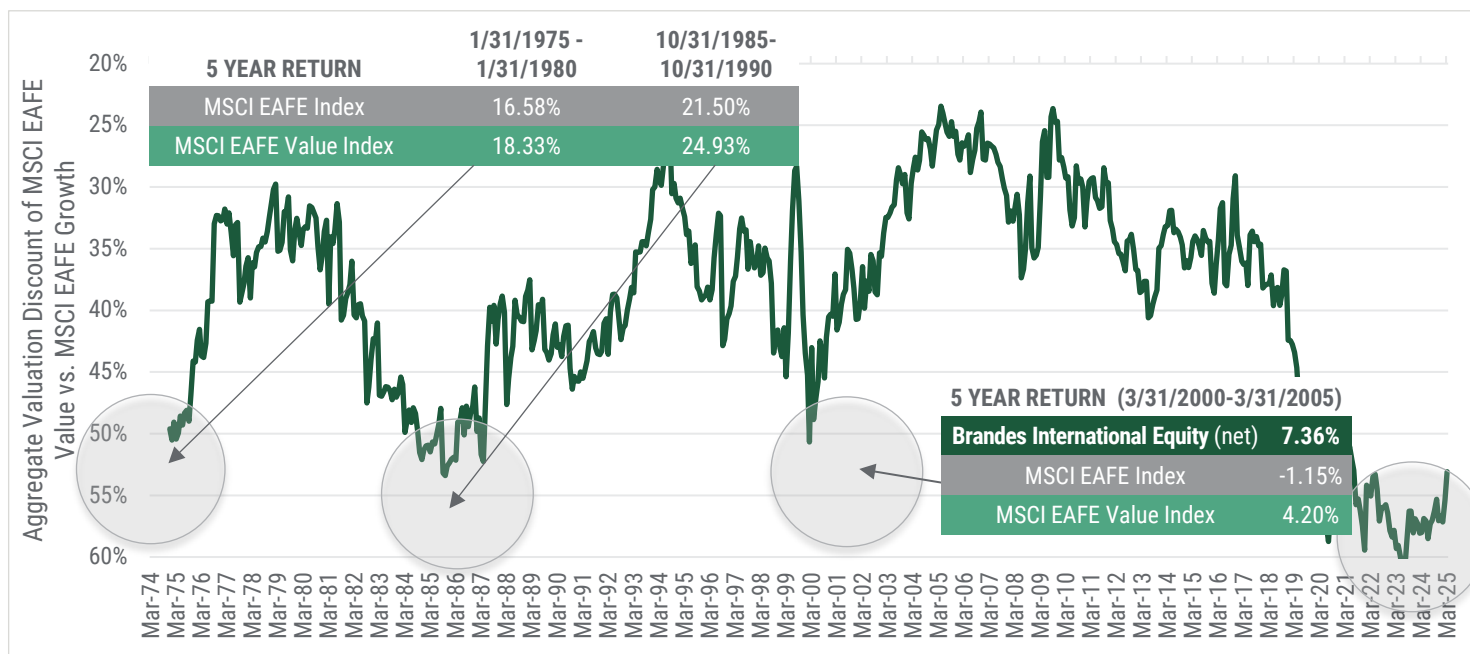


AS OF DECEMBER 31, 2024 | Source: Ned Davis Research, FactSet, Brandes. Chart used with permission from NDR, Inc. Further distribution prohibited without prior permission. See NDR Disclaimer at <https://www.ndr.com/terms-of-service>. It is not possible to invest directly in an index.

Value in the “Unloved”

Similar to international vs. U.S. stocks, value stocks' outperformance relative to growth stocks in the first quarter of 2025 has done little to narrow the valuation gap between the two asset classes. Value stocks continue to trade among the cheapest quartile relative to growth stocks (MSCI EAFE Value vs. MSCI EAFE Growth) across various valuation measures. We believe this should bode well for value stocks in general and our Brandes International Equity Strategy in particular, as the strategy has had the tendency to outperform the benchmark (MSCI EAFE) during value-led periods.

International Value Stocks Relative Valuation



Annualized total return as of March 31, 2025	1-year	5-year	10-year
Brandes International Equity Composite (net)	12.66%	17.82%	6.73%
Brandes International Equity Composite (gross)	13.14%	18.33%	7.23%
MSCI EAFE Index	4.88%	11.76%	5.39%

Past performance is not a guarantee of future results. One cannot invest directly in an index. Returns include reinvestment of all dividends and are reduced by any applicable foreign withholding taxes, without provisions for income taxes, if any.

DECEMBER 31, 1974 TO MARCH 31, 2025 | Source: MSCI via FactSet. All returns annualized. Past performance is not a guarantee of future results. For each fundamental ratio (Price/Book, Price/Earnings, Price/Cash Flow, Forward Price/Earnings, Enterprise Value/Sales, Enterprise Value/Earnings Before Interest, Taxes, Depreciation, and Amortization), we calculate the average ratio of the MSCI EAFE Value Index and divide it by the average ratio of the MSCI EAFE Growth Index to determine the relative valuation. Aggregate valuation discounted based upon the average of each individual metric's valuation discount of the value index relative to growth. Please note that all indices are unmanaged and are not available for direct investment. Brandes performance is net of management fees. The examples are for illustrative purposes only. They do not represent the performance of any specific investments. Actual results will vary. Go to <https://www.brandes.com/docs/default-source/default-document-library/publication/performance-report/brandes-international-equity-gips-report-us.pdf> for the Brandes International Equity GIPS report.

As of March 31, 2025, the Brandes International Equity Strategy trades at what we consider more compelling valuation levels than the benchmark, and our holdings in aggregate have strong balance sheets.

Brandes International Equity – Portfolio Characteristics

	Brandes International Equity	MSCI EAFE	MSCI ACWI ex USA Value
# of Securities	69	694	1,143
Forward Price/Earnings FY1	11.2x	14.4x	10.8x
Price/Earnings	14.4x	15.3x	15.5x
Price/Cash Flow	6.1x	9.7x	10x
Price/Book	1.2x	1.9x	1.9x
Dividend Yield	4.1%	3.0%	2.9%
Net Debt to Equity (ex Financials)	56%	51%	61%
Net Debt to EBITDA (ex Financials)	1.4x	1.4x	1.8x
Consensus 3-5 Yr EPS Growth	7.4%	7.5%	5.8%

AS OF MARCH 31, 2025 | Source: Brandes, Bloomberg, MSCI, FactSet. Consensus 3-5 Yr EPS Growth based on long term company growth estimates aggregated from Factset. Price/Book, Price/Earnings, Price/Cash Flow and Dividend Yield for each security provided by Bloomberg, L.P. Please note that Bloomberg does not provide negative numbers in the data feed. Index fundamentals are calculated from holdings data as provided by the relevant index or by FactSet Fundamentals, excluding negative numbers for consistency. Thus, index fundamentals calculated by Brandes may differ from those computed and published by index providers. The declaration and payment of shareholder dividends are solely at the discretion of the issuer and are subject to change at any time.

Value Opportunities During Uncertain Times

With fifty years in business, we have learned that uncertainty is an enduring feature of markets. While unease seems heightened today compared to much of the past 15 years, it is prudent to remember that markets evolve over time and good businesses have the ability to adapt to new environments, highlighting the need to discriminate among opportunities.

The impact and duration of the recently announced tariffs will likely vary by industry or company. With our fundamental and research-focused investing approach, we believe we are well positioned to take advantage of potential market over- and underreactions to the changing environment.

¹ For 12/31/24 to 3/31/25, the MSCI EAFE Index returned 6.86% vs. -4.37% for the S&P 500 Index. The MSCI World Value Index returned 4.81% vs. -7.75% for the MSCI World Growth Index.

² Top 10 of S&P 500: Apple, Microsoft, NVIDIA, Amazon.com, Meta Platforms Class A, Berkshire Hathaway Class B, Alphabet Inc. Class A, Broadcom, Alphabet Inc. Class C, Tesla. The Magnificent 7: Apple, Microsoft, NVIDIA, Amazon.com, Meta, Alphabet, Tesla.

The portfolio characteristics shown relate to a single account deemed by Brandes to be generally representative of the strategy as of date noted. Not every account will have these exact characteristics. The actual characteristics with respect to any particular account will vary based on a number of factors including but not limited to: (i) the size of the account; (ii) investment restrictions applicable to the account, if any; and (iii) market exigencies at the time of investment. Data is updated on a quarterly basis.

Diversification does not assure a profit or protect against loss in a declining market.

Earnings per share (EPS): The portion of a company's profit allocated to each share of common stock. EPS serves as an indicator of a company's profitability.

Enterprise Value/Sales: Market capitalization plus debt, minority interest, and preferred shares, minus total cash and cash equivalents, divided by annual sales.

Enterprise Value/EBITDA: Market capitalization plus debt, minority interest, and preferred shares, minus total cash and cash equivalents, divided by earnings before interest, taxes, depreciation, and amortization.

Dividend Yield: Dividends per share divided by price per share.

Forward Price/Earnings: Price per share divided by expenditures.

Forecast Growth 12M: IBES consensus forecast gross earnings per share expected over the next 12 months or next fiscal year.

Multiple Expansion: an increase in a valuation multiple such as a Price to Earnings multiple.

Net Debt to Equity: A measure of a company's financial leverage calculated by dividing its net liabilities by stockholders' equity.

Net Debt to EBITDA: A measurement of leverage, calculated as a company's interest-bearing liabilities minus cash or cash equivalents, divided by its EBITDA.

Price/Book: Price per share divided by book value per share.

Price/Cash Flow: Price per share divided by cash flow per share.

Price/Earnings: Price per share divided by earnings per share.

The MSCI ACWI ex USA Value Index with gross dividends captures large and mid cap securities across developed and emerging markets excluding the United States.

Attributes for value index construction are book value to price, 12-month forward earnings to price, and dividend yield.

The MSCI EAFE Index with net dividends captures large and mid cap representation of developed market countries excluding the U.S. and Canada.

The MSCI EAFE Growth Index with gross dividends captures large and mid cap securities across developed market countries, excluding the United States and Canada, exhibiting growth style characteristics, defined using long-term forward earnings per share (EPS) growth rate, short-term forward EPS growth rate, current internal growth rate, long-term historical EPS growth trend, and long-term historical sales per share growth trend.

The MSCI EAFE Value Index with net dividends captures large and mid cap securities across developed market countries, excluding the United States and Canada, exhibiting value style characteristics, defined using book value to price, 12-month forward earnings to price, and dividend yield.

The MSCI USA Index measures the performance of the large and mid cap segments of the U.S. equity market.

The MSCI World Growth Index captures large and mid cap securities across developed market countries exhibiting growth style characteristics, defined using long-term forward earnings per share (EPS) growth rate, short-term forward EPS growth rate, current internal growth rate, long-term historical EPS growth trend, and long-term historical sales per share growth trend.

The MSCI World Value Index captures large and mid cap securities across developed market countries exhibiting value style characteristics, defined using book value to price, 12-month forward earnings to price, and dividend yield.

The S&P 500 Index measures equity performance of 500 of the top companies in leading industries of the U.S. economy.

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