The Brandes Asia Pacific (ex-Japan) Equity Strategy declined 4.9% (gross of fees), lagging its benchmark, the MSCI AC Asia Pacific ex Japan Index, which fell 4.0% during the quarter.

**Positive Contributors**
Performance was driven by investments in the information technology sector. Taiwan Semiconductor Manufacturing Co., electronic equipment instruments businesses Flex Ltd. and PAX Global Technology, and Indian IT services companies Tech Mahindra and Infosys all performed well.

Indonesian telecom XL Axiata, China-based Dongfeng Motor Group and air freight and logistics company ZTO Express also contributed.

**Performance Detractors**
Banking holdings were main detractors, specifically Dah Sing Financial, Siam Commercial Bank and Kasikornbank. Philippines-based real estate management and development company Megaworld gave back some of its strong performance from earlier in the year.

Resort operator Genting Berhad was undermined by recent increases in gaming taxes and casino duties in Malaysia, which have put pressure on Genting’s operations. The market also responded negatively to a related-party transaction planned by the company. Retailers Lifestyle International Holdings and Luk Fook Holdings also experienced a drag on returns as ongoing demonstrations in Hong Kong hurt domestic sales and tourist spending.

**Select Activity in the Quarter**
The Emerging Markets Investment Committee added IT services company TravelSky Technology to the portfolio.

Founded in 2002, TravelSky is the leading provider of IT solutions for China’s aviation and travel industry and enjoys a dominant position (95% market share) in electronic ticket distribution. We believe TravelSky is well positioned to continue to benefit from China’s fast-growing aviation market. It has already expanded its client base to 40 Chinese commercial airlines, more than 350 foreign and regional commercial airlines, 200+ domestic airports and 8,000 travel agents. Moreover, its major clients are shareholders in the business, and the company has benefited from favorable government policy as a state-owned enterprise.

We believe TravelSky’s market positioning and long-term growth prospects are underappreciated. The company is already the world’s fourth-largest global distribution system based on revenue, and the largest industry player in China, and TravelSky’s management expects to grow revenue and profits at a double-digit compounded annual growth rate over the medium term.

**Year-to-Date 2019 Briefing**
The Brandes Asia Pacific (ex-Japan) Equity Strategy returned 2.4%, underperforming the MSCI AC Asia Pacific ex Japan Index, which gained 7.8% for the nine months ended September 30, 2019.

Contributing to performance were holdings in the Philippines and Indonesia. From a sector standpoint, holdings in information technology and communication services aided returns.

Holdings in China, India and Hong Kong were the leading detractors. At the company level, Indian electric utility Reliance Infrastructure, textiles company Nishat Mills and industrial conglomerate Nava Bharat Ventures hurt performance.

**Current Positioning**
At quarter end, the strategy continued to hold its top country weightings in South Korea and China while maintaining a meaningful underweight to Taiwan. It has no investments in Australia or New Zealand.
Consumer discretionary and consumer staples are key overweight sectors; financials, materials and energy are underweights.

We believe the positioning of the Brandes Asia Pacific (ex-Japan) Equity Strategy bodes well for the long term. Thank you for your continued trust.

Related-Party Transaction: One occurring between business entities that have a pre-existing relationship.

The MSCI AC Asia Pacific ex Japan Index with net dividends captures large and mid cap representation of developed and emerging markets in the Asia Pacific region, excluding Japan. Data prior to 2001 is gross dividend and linked to the net dividend returns.

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