BRANDES EMERGING MARKETS VALUE FUND

MARCH 31, 2019

FUND INFORMATION

Class I:	BEMIX
Class A:	BEMAX
Class C:	BEMCX
Class R6:	BEMRX

STRATEGY

The Fund seeks long-term capital appreciation by investing in equity securities of issuers in developing markets it believes are undervalued relative to their financial strength and upside potential.

TOP TEN HOLDINGS

(% of assets as of 3/31/2019)

China Mobile Ltd	4.34
Embraer SA	3.57
Fibra Uno Administracion SA de CV	3.04
Cemex SAB de CV	2.97
Sberbank of Russia PJSC	2.75
Bank Rakyat Indonesia Persero Tbk PT	2.69
KT&G Corp	2.68
YPF SA	2.51
Dongfeng Motor Group Co Ltd	2.35
Surgutneftegas PJSC	2.21

Fund holdings are subject to change at any time at the discretion of the investment manager.

The Brandes Emerging Markets Value Fund returned 7.79% (Class I Shares) in the first quarter, underperforming its benchmark, the MSCI Emerging Markets Index, which increased 9.92%.

Positive Contributors

Holdings in real estate and communication services drove performance.

Mexico-based **Fideicomiso PLA Administradora Industrial** (known as Terrafina), **Fibra Uno** and **Fibra Macquarie Mexico** lifted returns as these income-oriented securities benefited from the U.S. Federal Reserve's hints that there may be no further interest rate hikes in 2019.

Among our communication services holdings, notable contributors included Indonesian **XL Axiata**, Chilean **Empresa Nacional de Telecomunicaciones** (Entel) and Greek **Hellenic Telecommunications**. Investors welcomed XL's encouraging earnings growth and favorable outlook. Similarly, Entel's shares rose on strong 2018 results driven by improved profitability and margins in Chile and Peru.

Select financial holdings also aided performance, namely Panama-based **Banco Latinoamericano**, Russian **Sberbank** and Colombia's **Grupo Aval**. Other contributors included China-based health insurer **Genertec Universal Medical Group** and Singapore-based electronics manufacturer **Flex**.

Performance Detractors

Positive sentiment shift regarding trade negotiations between China and the United States boosted Chinese stocks in general. Consequently, while the majority of our China-based holdings appreciated in the quarter, our underweight allocation to companies in the country hurt relative returns.

Meanwhile, tightening financial conditions combined with heightened uncertainty surrounding local elections weighed on our holdings in Turkey. Our allocation there remains measured to three companies: banks **Akbank** and **Garanti Bankasi**, as well as real estate firm **Emlak Konut**.

Other detractors included India-based electric utility **Reliance Infrastructure**, Mexican cement producer **Cemex**, and Brazil-based regional jet manufacturer **Embraer**.

Embraer has received sign-off for its deal with Boeing from most of the required stakeholders, including the Brazilian government and shareholders. The deal is expected to close by the end of this year, assuming anti-trust regulators approve it. In the quarter, Embraer's shares declined as the company missed revenue and net income forecasts. Nevertheless, our valuation thesis remains positive. As we have shared in the past, we view the deal favorably as it crystalizes the value of Embraer's commercial segment ahead of any need for regional jet volume recovery, partially mitigating the risks related to the capital expenditure cycle of airlines (Embraer's customers). The deal also offsets the competitive threat from Airbus/Bombardier and provides a closer relationship with Boeing, which we believe creates an upside potential for both Embraer's defense and business jet segments.

Select Activity in the First Quarter

The Emerging Markets Investment Committee initiated a position in **Shanghai Pharmaceuticals** (SPH).

With the acquisition of Cardinal Health China in 2018, SPH is the second-largest health care distributor in China by market cap and sales. It is also among the top ten largest pharmaceutical manufacturers in China by market cap. The company operates in three main segments: distribution (65% of 2017 earnings before interests and taxes or EBIT), production/manufacturing (about 30% of 2017 EBIT) and retail (2% of 2017 EBIT).

SPH's shares did not fare well in 2018, as investors were worried about ongoing and potential regulatory changes that will likely put pressure on drug prices. Negative sentiment from the U.S.-China trade war and the slowing Chinese economy intensified the uncertainty in SPH's outlook.

We believe SPH is well positioned to benefit from the potential secular growth in Chinese health care spending. Its strong footing in the distribution segment should help it gain market share as the industry continues to consolidate to drive scale and efficiency gains. Currently, the top five Chinese health care distributors only account for 34% of the market, compared to the 90% market share attributed to the top three players in the United States. Furthermore, we feel that the market has underappreciated SPH's manufacturing and retail operations. We like the opportunity to own the drug-manufacturing segment at what we consider attractive headline valuations.

In addition to the Chinese government's priority to manage health care costs given that it is the single largest payer, other factors we took into consideration when purchasing SPH's shares were its state ownership (33.6% stake as of March 31), the pricing pressure in its manufacturing and distribution segments, and the financing of receivables from hospitals. We believe these risks have been more than accounted for in SPH's share price.

Other new additions in the quarter were companies that we know very well as we have owned them in the past, namely Latin American wireless telecom provider **America Movil** and Austria-domiciled **Erste Group Bank**, which operates mainly in emerging European countries.

The investment committee exited the Fund's positions in Russian **Lukoil** and India-based Reliance Infrastructure.

A number of recent developments led to a reconsideration of our investment thesis for Reliance Infrastructure and our eventual divestment. Most notably, during the second half of 2018, Reliance sold its Mumbai utility to Adani Transmission. The utility had been Reliance's main earnings contributor and was sold to pay down debt. Prior to the sale, our investment case for Reliance Infrastructure was supported by the valuation of its electricity assets, including its stake in publicly listed Reliance Power. We also anticipated some upside potential from its significant balance of financial assets. However, the disposal of the Mumbai utility meaningfully reduced Reliance's earnings power and led to a deterioration in the quality of its net asset value (NAV), which now consists primarily of financial holdings and contingent assets.

Furthermore, the company went into a technical default on a small portion of its debt for a few weeks until it received the proceeds from the utility sale, raising immediate concerns about the liquidity and recoverability of its remaining financial assets. Our loss of confidence in the company, combined with its poor transparency, triggered our decision to exit the position.

Current Positioning

Continuing the trend from the second half of 2018, we trimmed a number of our positions in Brazil given their strong performance. For the first time in over five years, Brazilian companies did *not* represent the Fund's largest country weighting at quarter end, with South Korea taking over the position. The Fund maintained major underweights in China, Taiwan and India.

Changes to the Global Industry Classification Standards (GICS) undertaken by MSCI in the fourth quarter of 2018 affected our relative weightings from a sector/industry basis. As has been the case for a number of years, we remained underweight the information technology sector as of March 31, although our underweight was not as significant as before, due to the reclassification of large technology companies (e.g., Alibaba, Tencent, Baidu) into the communication services sector. Our allocations to the consumer discretionary and real estate sectors continued to represent notable overweights.

At quarter end, the Fund's largest sector weighting was in financials, although we were underweight the benchmark because of our lower exposure to banks in China, Brazil and India.

As a firm, we continue to see significant value potential in emerging markets equities, as we believe valuations remain appealing from both an absolute and a relative standpoint. Our enthusiasm for the asset class is highlighted by our allocation to emerging markets businesses in our Brandes global strategies, which—as of March 31—was at or near the peak levels achieved over the past decade.

Thank you for your continued trust.

Average Annual Total Returns (%) as of March 31, 2019

Without Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 8/20/1996
Class I	7.79	7.79	-9.36	8.13	1.00	10.57	7.25
Class A	7.65	7.65	-9.64	7.86	0.71	10.30	6.98
Class C	7.49	7.49	-10.34	7.07	-0.03	9.48	6.18
Class R6	7.78	7.78	-9.38	8.26	1.10	10.65	7.31
With Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 8/20/1996
Class A	1.46	1.46	-14.84	5.75	-0.47	9.65	6.70
Class C	6.49	6.49	-11.23	7.07	-0.03	9.48	6.18
MSCI Emerging Markets Index	9.92	9.92	-7.41	10.68	3.68	8.94	6.08

Operating Expenses: Class I: 1.15% (gross), 1.13% (net) Class A: 1.35% (gross), 1.38% (net) Class C: 2.10% (gross), 2.11% (net) Class R6:1.09% (gross), 0.98% (net)

*Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. All performance is historical and includes reinvestment of dividends and capital gains. Performance data current to the most recent month end may be obtained by calling 1.800.395.3807. Performance data shown with load reflects the Class A maximum sales charge of **5.75%.** Performance shown without load does not reflect the deduction of the sales load. If reflected, the load would reduce the performance quoted.*

Prior to January 31, 2011, the Fund was a private investment fund managed by the Advisor with policies, guidelines and restrictions that were, in all material respects, equivalent to those of the Fund. Class A and Class I shares commenced operations on January 31, 2011, while Class C shares commenced operations on January 31, 2013. Prior to January 31, 2013, Class A shares were known as Class S shares. (Class A shares have the same operating expenses as Class S shares.) The Class I performance information shown for periods prior to January 31, 2011 is that of the private investment fund managed by the Advisor that is the predecessor of the Fund not adjusted for Fund expenses. Performance shown prior to January 31, 2011, for Class A shares reflects the performance of the private investment fund restated to reflect Class A sales loads and expenses. Performance shown prior to the inception of Class C shares reflects the performance of the private investment fund for periods prior to January 31, 2011 and the performance of Class I shares for the period from February 1, 2011 to January 30, 2013 restated to reflect Class C expenses. Class R6 shares commenced operations on July 11, 2016. Performance shown prior to the inception of Class R6 shares reflects the performance of Class I shares.

The Advisor has contractually agreed to limit the operating expenses through January 31, 2020. The Expense Caps may be terminated at any time by the Board of Trustees upon 60 days notice to the Advisor, or by the Advisor with the consent of the Board. Investment performance reflects fee waivers and/or reimbursement of expenses. In the absence of such waivers/reimbursements, total return would be reduced.

Net Asset Value: A company's total assets minus its liabilities, divided by the number of outstanding shares.

The MSCI Emerging Markets Index with net dividends captures large and mid cap representation of emerging market countries. Data prior to 2001 is gross dividend and linked to the net dividend returns.

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Because the values of the Fund's investments will fluctuate with market conditions, so will the value of your investment in the Fund. You could lose money on your investment in the Fund, or the Fund could underperform other investments. The values of the Fund's investments fluctuate in response to the activities of individual companies and general stock market and economic conditions. In addition, the performance of foreign securities depends on the political and economic environments and other overall economic conditions in the countries where the Fund invests. Emerging country markets involve greater risk and volatility than more developed markets. Some emerging markets countries may have fixed or managed currencies that are not free-floating against the U.S. dollar. Certain of these currencies have experienced, and may experience in the future, substantial fluctuations or a steady devaluation relative to the U.S. dollar. Diversification does not assure a profit or protect against a loss in a declining market. It is not possible to invest directly in an index. Stocks of small-sized and mid-sized companies tend to have limited liquidity and usually experience greater price volatility than stocks of larger companies.

A mutual fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectuses contain this and other important information about the investment company, and may be obtained by calling 1.800.395.3807 or visiting www.brandesfunds.com. Read carefully before investing.

The foregoing reflects the thoughts and opinions of Brandes Investment Partners® exclusively and is subject to change without notice.

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