Quarterly Commentary

BRANDES GLOBAL EQUITY FUND

MARCH 31, 2019

FUND INFORMATION

Class I:	BGVIX
Class A:	BGEAX
Class C:	BGVCX

STRATEGY

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

TOP TEN HOLDINGS

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

GlaxoSmithKline PLC	3.74
Sanofi	3.57
Citigroup Inc	3.22
Imperial Brands PLC	2.68
BP PLC	2.65
Engie SA	2.64
Pfizer Inc	2.50
Schneider Electric SE	2.40
Merck & Co Inc	2.28
Embraer SA	2.27

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

The Brandes Global Equity Fund rose 7.19% (Class I Shares), underperforming its benchmark, the MSCI World Index, which appreciated 12.48% in the first quarter.

Positive Contributors

In a strongly performing market, several of our investments appreciated significantly. Key contributors included a number of U.K.-based holdings, such as tobacco company **Imperial Brands**, oil & gas firm **BP** and retailer **Tesco**.

Tesco shares rose more than 20% as the company continued its turnaround and restructuring efforts. It also announced better-than-expected 2018 holiday results.

Additionally, Mexico-based real estate investment trust **Fibra Uno** lifted returns as income-oriented securities benefited from the U.S. Federal Reserve's hints that there may be no further interest-rate hikes in 2019.

U.S.-based bank **Citigroup** boosted performance, with its shares rising over 20% despite concerns of an inverted yield curve and the potential halt in interest-rate increases. Citi announced plans for a significant share buyback as it has built a strong capital position over the last several years. We believe the bank's current valuation remains attractive and buying back shares at a discount to book value would be value creative for its current shareholders. Consequently, it remains one of the larger positions in the Fund.

Performance Detractors

The most notable detractor was 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. Embraer's shares declined as the company missed revenue and net-income forecasts. Nevertheless, our valuation thesis remains positive. We view the deal favorably. 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 diminishes the competitive threat from Airbus/Bombardier and provides a closer relationship with Boeing, which we believe creates a positive outlook for Embraer's defense and business jet segments.

Others detractors included U.K.-based retailer **J Sainsbury**, France-based advertising firm **Publicis**, as well as U.S.-based pharmaceutical firm **Pfizer** and health care company **Cigna**.

Sainsbury declined amid worries that its planned merger with Asda may not succeed due to regulatory concerns. To attempt to assuage these concerns, Sainsbury announced increased price-cut commitments late in the quarter. We support the merger and believe it would benefit the company and the entire U.K. food retail market, thus we increased our estimate of the company's intrinsic value. Our investment case for holding the company is not dependent on the merger. Even if the merger does not materialize, we believe Sainsbury offers an attractive risk/reward tradeoff given its restructuring program and the upside potential from food price inflation. We took advantage of what we viewed as a market overreaction to the merger update by increasing our position.

Cigna and Pfizer shares fell, with health care emerging as the worst-performing sector due to news of potential health care reform, similar to what occurred in 2017. Additionally, Cigna is in the process of merging with Express Scripts, which had been a target of government scrutiny around drug pricing. We believe that these concerns are overdone, as they were in 2017. Cigna trades at an attractive valuation for a growing company, at less than 10x earnings, while generating strong free cash flow. It also offers an attractive risk/reward tradeoff given the current market negativity we think is priced into the stock.

Select Activity in the First Quarter

Overall portfolio activity was light following the strong recovery in global equity markets during the quarter. We purchased U.S.-based pharmacy chain **CVS** while selling Russia-based integrated oil & gas firm **Lukoil**, which appreciated to our estimate of intrinsic value.

After its recent acquisition of health insurer Aetna in 2018, CVS is a well-positioned vertically integrated health care company that has three main lines of business: Pharmacy Benefit Manager (PBM), Retail Pharmacy and Managed Care Organization (MCO). However, over the last three years the market has become increasingly negative on CVS due to a variety of concerns around drug pricing and potential health care reform, and the share price has been cut in half. While we share some of the markets concern, we believe the negativity has been too punitive on the price and that the shares offer an attractive risk/reward opportunity at today's valuation levels.

Long term, we believe CVS is an attractively positioned and growing business as they are the leading PBM and largest pharmacy in the United States. Additionally, they are now one of the largest MCOs and should benefit from scale, which could help the company provide improved care and better customer data integration, and administer health benefits at an attractive cost compared to peers. We believe CVS' long-term growth is attractive amid an aging U.S. population, and that the company stands to benefit from growing prescription volume. Despite some of the political concerns, we believe that the risk/reward is skewed to the upside at the current valuation level of less than 8x earnings and 10x free cash flow.

We initially purchased Lukoil several years ago as we believed that its shares traded at a significant discount to our estimated worth of the company even after accounting for the risks of investing in a Russia-based company. At the time of purchase, Lukoil traded at a significant valuation discount to its integrated oil & gas peers. Moreover, it had some of the lowest enterprise-value multiples relative to proven oil reserves in the world.

Throughout our holding period, there were a variety of concerns about the oil & gas industry and holdings in Russia generally, due to deteriorating global relations and the imposition of sanctions. Despite the oil-price and exchange-rate declines, Lukoil performed strongly, especially on a total-return basis as the company has increased its capital return to shareholders. Following the improvement in the company's operating results over the last 18 months, Lukoil's share price appreciated significantly, reaching our estimate of intrinsic value, and we divested our position.

Current Positioning

As of March 31, allocations to emerging markets, France and the United Kingdom represented the largest overweights (as a percentage of benchmark weights), while the United States and Japan remained our largest underweight positions.

From an industry/sector perspective, the Fund held key areas of exposure in financials, health care, energy and food & staples retailing, while maintaining significantly lower allocations than the benchmark in industrials, materials and technology.

While global markets experienced strong performance overall, the two weakest performing sectors, financials and health care, appreciated single digits. These are the Fund's two largest allocations and where we continue to find the most value opportunities. Additionally, the technology sector, which appreciated nearly 20%, was our most significant underweight, accounting for over 15% of the MSCI World index, yet less than 6% of the Global Equity Fund. The strong performance of technology companies boosted overall U.S. market returns relative to international developed markets, resulting in the continued outperformance of the U.S. market, which has lasted for much of the past decade. This performance cycle stands in sharp contrast to the previous 10-year period when international markets performed significantly better. As with many trends in investing, these leadership patterns tend to cycle and at current valuations we believe international markets are set up well going forward.

Uncertainties abound in the global investing environment today—from international trade disputes and the path of interest rates to geopolitical concerns, including the unknowns on Brexit. We believe while these uncertainties may test the patience of some investors, they are par for the global investing course. As active value investors, we welcome uncertainty as it often creates compelling investment opportunities brought on by short-term market volatility. While we will not venture to forecast how the market's challenges will be resolved, we believe that businesses operating in a free market can adapt over the long term, and short-term overreaction can misprice long-term value. As always, we are ready and willing to take advantage of these opportunities.

We believe the current positioning of the Brandes Global Equity Fund bodes well for the long term.

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 10/6/2008
Class I	7.19	7.19	-3.48	7.17	2.95	9.61	6.54
Class A	7.12	7.12	-3.73	6.91	2.69	9.36	6.30
Class C	6.94	6.94	-4.44	6.11	1.93	8.52	5.49
With Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 10/6/2008
Class A	0.97	0.97	-9.26	4.81	1.48	8.72	5.70
Class C	5.94	5.94	-5.34	6.11	1.93	8.52	5.49
MSCI World Index	12.48	12.48	4.01	10.68	6.78	12.38	8.87

Operating Expenses: Class I: 1.20% (gross), 1.00% (net) Class A: 1.40% (gross), 1.25% (net) Class C: 2.15% (gross), 2.00% (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.*

Class I shares commenced operations on October 6, 2008. Class A shares commenced operations on January 31, 2011, but 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.) Performance shown prior to January 31, 2011 for Class A shares reflects the performance of Class I shares restated to reflect Class A sales loads and expenses. Class C shares commenced operations on January 31, 2013. Performance shown prior to the inception of Class C shares reflects the performance of Class I shares restated to reflect Class C expenses.

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.

Brexit: Britain's planned exit from the European Union.
Book value: Assets minus liabilities. Also known as shareholders' equity.
Cash Flow: The amount of cash generated minus the amount of cash used by a company in a given period.
Enterprise Value: Market capitalization plus debt, minority interest and preferred shares, minus total cash and cash.
Free Cash Flow: Total cash flow from operations less capital expenditures.
Multiple: A generic term for a class of many different indicators that can be used to value a stock. A multiple is simply a ratio that is calculated by dividing the market or estimated value of an asset by a specific item on the financial statement or other measure.
Price/Cash Flow: Price per share divided by cash flow per share.
Price/Earnings: Price per share divided by earnings per share.
Return on Capital/Return on Invested Capital: Net income minus dividends divided by total capital; used to assess a company's efficiency at allocating the capital under its control to profitable investments.
Share Buyback: The re-acquisition by a company of its own stock.
Total Return: Income plus capital appreciation
Yield Curve: A line that plots the interest rates, at a set point in time, of bonds having equal credit quality but differing maturity dates.
The declaration and payment of shareholder dividends are solely at the discretion of the issuer and are subject to change at any time.

The MSCI World Index with net dividends captures large and mid cap representation of developed markets.

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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.

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.

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