The Brandes International Equity Fund declined 0.44% (Class I Shares), outperforming its benchmark, the MSCI EAFE Index, which declined 1.07% in the third quarter.

Positive Contributors

Our two largest holdings, pharmaceutical manufacturers Sanofi (France) and GlaxoSmithKline (the United Kingdom), contributed strongly to performance as they both reported better-than-expected results. Glaxo’s shares were also boosted by the completion of its consumer health joint venture with Pfizer.

Other significant contributors included Mexican real estate investment trust Fibra Uno, Japanese printing company Dai Nippon Printing and French multi-utility Engie.

Dai Nippon rose after it announced a plan to buy back nearly 10% of its shares in an effort to improve shareholder returns and capital efficiency.

Performance Detractors

A variety of U.K.-based holdings hurt performance. Notable detractors included security services provider G4S, retailers Marks & Spencer and Kingfisher, as well as oil and gas firm BP.

Marks & Spencer and Kingfisher suffered from a weak domestic spending environment amid the continued uncertainties surrounding Brexit and its effect on both companies’ restructuring plans. Moreover, Marks & Spencer’s removal from the FTSE 100 Index and the resulting technical selling of the stock negatively affected the company’s share price.

Other significant detractors included France-based grocer Carrefour, Brazilian jet manufacturer Embraer and Dutch financial company Aegon.

Carrefour continued its cost restructuring efforts and saw strong growth in its emerging markets business. However, the company missed earnings estimates as growth in the French market remains slow. Meanwhile, Aegon declined on disappointing earnings, which led to concern about the capital position of its Netherlands business and its ability to pay dividends to the parent company.

Select Activity in the Quarter

In a light period for portfolio activity, the investment committee added to our position in Takeda Pharmaceutical.

Takeda has seen its share price decline over the last several months following its acquisition of an Irish biotechnology company, Shire, last year. The transaction increased the company’s leverage. However, the company is divesting non-core assets in order to pay down its debt and has significant potential costs synergies as a result of the merger. We believe the shares offer an attractive investment opportunity as the company focuses on maximizing cash flows and reducing costs over the next several years, all while we expect it to pay an attractive dividend.
Year-to-Date 2019 Briefing

The Brandes International Equity Fund rose 5.60% (Class I Shares), underperforming its benchmark, the MSCI EAFE Index, which appreciated 12.80% for the nine months ended September 30, 2019.

Key contributors and detractors were similar to those for the quarter, with Fibra Uno, GlaxoSmithKline, Sanofi and Engie being the largest drivers of absolute returns.

Russian energy firms Gazprom and Surgutneftegas also helped performance, as did U.K.-based grocer Tesco and ad agency WPP. Additionally, Netherlands-based NXP Semiconductors and Irish building materials company CRH lifted returns, appreciating over 30% each.

About half of the year-to-date underperformance could be attributed to our positions in the consumer sectors. While we had a slight underweight to both consumer discretionary and staples, our holding composition in these sectors is quite different from that of the benchmark. The underperformance was due to both our holdings having difficult performance, and to some very strong performers in the benchmark that we did not own.

- The benchmark’s strong performers that were not held in the portfolio:
  - Beverage and food products companies, which made up the majority of the benchmark’s consumer staples weighting and gained over 20% in the period. In our view, many businesses in this industry, such as Nestle, do not have appealing growth prospects, yet they trade at what consider expensive multiples as investors tend to view them as safe havens.
  - Luxury goods and internet retail companies, which rose more than 20% and represented a material weighting in the benchmark.

- The Fund’s holdings that weighed on returns:
  - U.K. retailers, most notably Sainsbury, which dropped due to its failed merger with Asda. As we noted last quarter, we had owned the shares before the merger outcome was announced and our investment thesis does not rely on the deal. We took advantage of the share-price decline to add to our position. In addition to Sainsbury, retailers such as Kingfisher and Marks & Spencer also hurt returns.
  - Autos, especially Nissan, which continued to face a strained relationship with its partner, Renault, following the resignation of the alliance’s chairman.

Additionally, our allocations to health care and industrials contributed to the underperformance. In aggregate, our holdings in these sectors were flat to slightly down, which detracted from relative returns in an up market. Leading detractors in health care included two of our Japanese pharmaceutical holdings, Mitsubishi Tanabe and Taisho Pharmaceutical. Within industrials, the most notable detractor was Embraer, which declined as the negotiation on its potential joint venture (JV) with Boeing dragged on. Trading at less than the offer price implied in the JV agreement at quarter end, Embraer remains an attractive opportunity to us. In our opinion, the market seems to ascribe insufficient value to the fact that Embraer will have a 20% ownership in the regional jet JV, while still maintaining its private jet and defense businesses.

Current Positioning

As of September 30, the Fund’s largest overweight positions were in emerging markets, France, the United Kingdom and Italy. From a sector/industry standpoint, it held above-benchmark weightings in oil, gas & consumable fuels, pharmaceuticals, food retailing and communication services. We remained underweight Germany, Japan and Australia, as well as the materials and industrials sectors.

While absolute performance has been decent, on a relative basis, it has certainly been a tough year so far for the Brandes International Equity Fund given the significant underperformance of value to the broader market (MSCI EAFE Value vs. MSCI EAFE). Nevertheless, we remain confident that the Fund is well positioned for the long term.

Brandes International Equity Fund—Reasons for Optimism

1) The aggregate margin of safety for the portfolio has increased this year to its highest level in over three years.

2) While relative return has been weak this year, we are encouraged by the value accretion of our holdings. On average, their earnings per share is forecast to grow by more than 6% over the next year and a half (based on consensus estimates) and they offer a dividend yield of over 4% (vs. the benchmark’s 3%). Additionally, given their current low normalized multiples, we believe our holdings have a higher chance of multiple expansion than the benchmark’s constituents, which already trade at what we consider lofty valuation levels. In contrast to our portfolio, the benchmark has seen significant multiple expansion (e.g., price-to-earnings, price-to-cash flow) this year despite tepid earnings growth and lower dividend yield.
In our view, the majority of the companies within the benchmark that have experienced the largest multiple expansion now present material downside risk due to their elevated valuations. These include many consumer staples businesses, which—despite what we see as their limited growth prospects—have been favored by investors for their perceived defensive and low-volatility characteristics. We are comfortable with having no allocation to these companies at today’s price levels.

3) The Fund is currently positioned quite differently from the benchmark, making it a potential complement for investors with predominantly passive exposure. We believe the Fund’s true value portfolio would benefit in the event of a value rebound. After value’s significant underperformance this year (and most of the past decade), the valuation discount for value stocks vs. the broader market (MSCI EAFE Value vs. MSCI EAFE) is now among its highest levels since the technology bubble (based on price-to-earnings). We believe this discount level bodes well for value’s returns over the medium term.

4) Recently, we did see a very short-term example of what a value rebound could look like. During the last month of the quarter, value experienced a sharp snapback and outperformed the broader market by nearly 200 basis points (MSCI EAFE Value vs. MSCI EAFE for the period 8/31/19 to 9/30/19), while the Fund fared even better. This is consistent with the Fund’s track record, as it has tended to perform better than the value index when the value index outperformed the broader market. Given where valuations remain today for value stocks, we believe the Fund would benefit should value experience a reversal after many years of underperformance.

Finally, while our stock selection is based on fundamental research on individual companies, at an aggregate level we believe that international value stocks offer compelling return potential. We understand that it has been challenging to stay the course amid this difficult performance, but based on our 45 years of investing experience, periods such as the current one have often been good times to invest or add money to our strategies.

We appreciate the trust you have placed in us.

1 Source: Brandes, MSCI via FactSet as of 9/30/19.
### Average Annual Total Returns (%) as of September 30, 2019

<table>
<thead>
<tr>
<th>Without Load</th>
<th>3 Months</th>
<th>YTD</th>
<th>1 Year</th>
<th>3 Years</th>
<th>5 Years</th>
<th>10 Years</th>
<th>Since Inception 1/2/1997</th>
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<tbody>
<tr>
<td>Class I</td>
<td>-0.44</td>
<td>5.60</td>
<td>-5.82</td>
<td>3.89</td>
<td>2.11</td>
<td>3.69</td>
<td>7.34</td>
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<td>Class A</td>
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<td>1.92</td>
<td>3.51</td>
<td>7.11</td>
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<td>Class C</td>
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<td>-6.73</td>
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<td>6.30</td>
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<tr>
<td>Class R6</td>
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<td>-5.69</td>
<td>4.05</td>
<td>2.26</td>
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<table>
<thead>
<tr>
<th>With Load</th>
<th>3 Months</th>
<th>YTD</th>
<th>1 Year</th>
<th>3 Years</th>
<th>5 Years</th>
<th>10 Years</th>
<th>Since Inception 1/2/1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A</td>
<td>-6.21</td>
<td>-0.63</td>
<td>-11.44</td>
<td>1.65</td>
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<tr>
<td>Class C</td>
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<td>3.87</td>
<td>-7.63</td>
<td>2.90</td>
<td>1.15</td>
<td>2.70</td>
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</tr>
</tbody>
</table>

- **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.**

The Fund commenced operations in 1997. Prior to October 6, 2008, the Fund had only one class of shares (currently designated as Class I shares). 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 shares 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. Performance of Class R6 shares shown prior to the inception of Class R6 shares on February 1, 2016, 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.

- **Basis Point: 1/100 of 1%.**
- **Cash Flow:** The amount of cash generated minus the amount of cash used by a company in a given period.
- **Dividend Yield:** Dividends per share divided by price per share.
- **Enterprise Value:** Market capitalization plus debt, minority interest and preferred shares, minus total cash and cash equivalents.
- **Price/Cash Flow:** Price per share divided by cash flow per share.
- **Price/Earnings:** Price per share divided by earnings per share.

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.

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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. 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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