

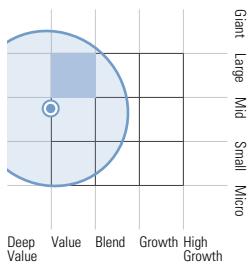
# Brandes European Value Fund I Euro Acc

## IE0031574977

**Morningstar Analyst Rating**  
 Gold  
 26 Jan 2021  
 15:33, UTC-0600

<b>Morningstar Category</b> Europe Large-Cap Value Equity	<b>Category Index</b> MSCI Europe Value NR EUR	<b>Total Assets</b> 206.86 Mil EUR	<b>Current Yield %</b> —	<b>Inception Date</b> 26/02/03	<b>Domicile/Currency</b> IRL/EUR	<b>Morningstar Rating</b> ★★★★
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### Equity Style Map



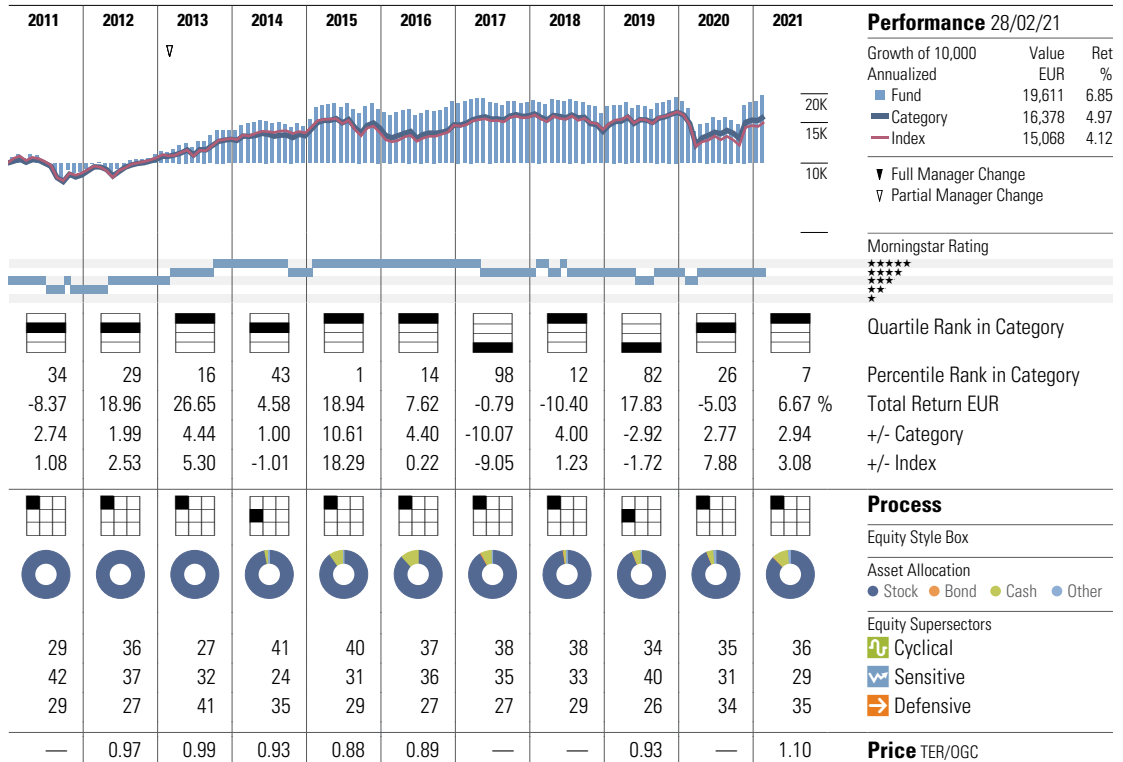
### People

Amelia Maccoun Morris	01/03
Brent V. Woods	01/03
Jeffrey Germain	01/09

Total Named Managers 5

### Morningstar Pillars

Process		Above Average
Performance		High
People		Above Average
Parent		Above Average
Price		



### Analyst View

**Mathieu Caquineau, CFA**, Associate Director

## A well-entrenched value approach in experienced hands.

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### Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum



The Morningstar Analyst Rating for Funds is a forward-looking analysis of a fund. Morningstar has identified five key areas crucial to predicting the future success of a fund: People, Parent, Process, Performance, and Price. The pillars are used in determining the Morningstar Analyst Rating for a fund. Morningstar Analyst Ratings are assigned on a five-tier scale running from Gold to Negative. The top three ratings, Gold, Silver, and Bronze, all indicate that our analysts think highly of a fund; the difference between them corresponds to differences in the level of analyst conviction in a fund's ability to outperform its benchmark and peers through time, within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years). Neutral represents funds in which our analysts don't have a strong positive or negative conviction over the long term (defined as a full market cycle or at least five years) and Negative represents funds that possess at least one flaw that our analysts believe is likely to significantly hamper future performance over the long term (defined as a full market cycle or at least five years). Past performance of a security may or may not be sustained in future and is no indication of future performance. For detailed information about the Morningstar Analyst Rating for Funds, please visit <http://global.morningstar.com/managerdisclosures>

Jan 26, 2021 | Brandes European Value is led by veteran value investors who apply a disciplined and long-term-oriented approach. The fund's institutional share classes earn a Morningstar Analyst Rating of Gold. More-expensive shares have a lower expected net alpha and thus land at Silver and Bronze depending on their fee level.

Brandes is a standard bearer for value investing. The firm's strategies are managed collegially with a similar deep-value approach. This strategy is managed by a stable and seasoned five-person committee who have a wealth of investment experience. They are supported by a stable team of 22 experienced fund managers and analysts organised by global sector. This committee also runs global ex US and Japan equity strategies, which is not ideal, although this has been beneficial to this strategy at times through global benchmarking in the stock research.

In-depth fundamental research is key to the strategy. The firm's sector analysts regularly screen the European equity universe for deeply discounted stocks, which they bring to the investment committee for vetting. Each committee member then calculates his or her own fair value for the stocks, which they average to improve the accuracy of the final estimate. The committee

limits the position sizes of stocks in which there are wider dispersion in valuation estimates.

The strategy's decision-making, value discipline, and patient approach are distinctive. For example, in 2017, the strategy was hit hard as several of its bets, notably in the UK retail space, tumbled. Most positions were kept and some meaningfully contributed to the outperformance in 2018 and in 2020. While attracted to depressed valuations, the team is still selective, as evidenced by their long-held cautious view on banks. The sector is a large underweighting in the portfolio, compared with the MSCI Europe Value index. Still, the fund is prone to invest in value traps and with few benchmark constraints, the portfolio goes its own way. It is often packed with unpopular stocks and has a larger exposure to small- and mid-caps than peers. The strategy therefore carries high risks, but patient investors have been rewarded. The fund's I USD share class is well ahead of peers and the index since inception, in 2003.

# Brandes European Value Fund I Euro Acc

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### Process: Approach

**Morningstar Category**  
 Europe Large-Cap Value  
 Equity

**Category Index**  
 MSCI Europe Value NR  
 EUR

**Index Proxy**  
 Amundi ETF MSCI  
 Europe Value Factor A/I

### A disciplined deep-value approach.

**Process Pillar** ● Above Average

Jan 26, 2021 | The disciplined application of this deep-value approach earns the fund an Above Average Process rating.

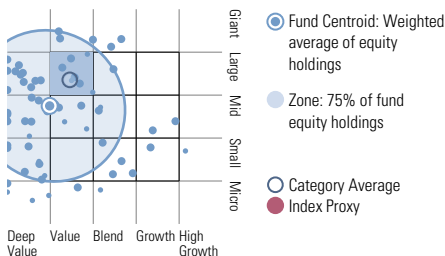
This strategy is purely bottom-up, with a clear focus on valuation and a willingness to go against the crowd. The firm's global research team regularly screens the European market uni-

verse with valuation, liquidity, and profitability filters to come up with ideas. The research process is thorough and aims at understanding the key drivers of value for a business. The five members of the strategy's investment committee calculate their own intrinsic values independent of the research analysts and each other. While such a management structure is less nimble than others, it enables the team to look at investment cases from different angles and helps manage risks and behavioural biases. Positions are sized based on margin of safety (discount to fair value) and dis-

person in the committee's estimates. The portfolio typically contains 50-65 holdings with a long-term investment horizon. Portfolio turnover has been modest, ranging from 20% to 40% in most years. Sector and country weightings are driven by bottom-up stock selection and therefore can deviate substantially from the market but are limited to the greater of 20% or 1.5 times of the MSCI Europe Index weighting. The portfolio can carry a 5%-10% cash cushion when opportunities are scarce.

### Equity Style 28/02/21

#### Holdings-Based Style Map



#### Equity Style Box Factors

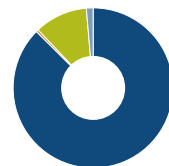
Market Cap	Fund	3-Yr Avg	Category	Proxy
Giant/Large	59.4	54.7	74.6	89.4
Mid	21.0	22.6	21.9	10.6
Small/Micro	19.6	22.8	3.5	0.0
Avg Market Cap Bil EUR	10.4	9.7	26.9	87.0

Value Measures	Fund	3-Yr Avg	Category	Proxy
Price/Prospect. Earnings	12.2	10.6	13.3	11.9
Price/Book	0.9	0.9	1.3	1.2
Price/Sales	0.6	0.5	1.0	1.0
Price/Cash Flow	5.0	4.1	7.3	2.5
Dividend Yield	3.0	5.0	2.5	4.5

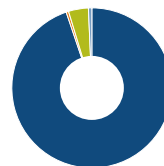
Growth Measures	Fund	3-Yr Avg	Category	Proxy
Long-Term Earnings %	11.9	10.1	13.3	8.7
Historical Earnings %	-7.5	-3.2	-4.3	6.3
Sales %	-3.8	0.1	-5.6	-1.2
Cash Flow %	6.2	-1.5	5.3	5.1
Book-Value %	-1.6	-2.7	-1.9	0.3

### Asset Allocation 28/02/21

#### Current Allocation



#### 3-Year Average



Net Assets %	Fund	3-Yr Avg	Category	Proxy
Equity	87.4	94.7	94.9	99.7
Fixed Income	0.5	0.5	0.0	0.0
Cash	10.7	4.0	2.4	0.0
Other	1.4	0.7	2.7	0.3

### Regional Exposure 28/02/21

Market Type Equity %	Fund	3-Yr Avg	Category	Proxy
Developed	98.5	94.0	99.4	100.0
Emerging	1.5	6.0	0.6	0.0

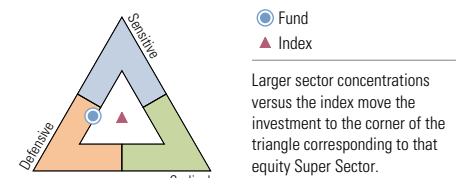
Top 5 Countries Equity %	Fund	3-Yr Avg	Category	Proxy
United Kingdom	27.7	32.8	23.0	31.4
France	25.1	21.5	21.7	16.4
Switzerland	11.2	8.6	8.4	10.9
Italy	9.3	9.2	4.8	5.7
Spain	9.0	5.8	4.1	7.8

### Key Ratios 28/02/21

	Fund	3-Yr Avg	Category	Proxy
Net Margin %	3.9	7.0	6.2	11.8
ROA %	1.1	2.3	2.7	3.0
Debt/Total Capital %	41.3	39.5	43.5	36.3
ROE %	4.6	8.3	8.2	12.2

### Sectors 28/02/21

#### Sector Delta




Equity Sectors	Fund	3-Yr Avg	Category	Proxy
<b>Defensive</b>	<b>34.6</b>	<b>28.0</b>	<b>23.9</b>	<b>19.0</b>
Consumer Defensive	19.7	16.2	7.8	4.1
Healthcare	13.4	9.9	11.1	8.6
Utilities	1.4	1.9	5.0	6.3
<b>Sensitive</b>	<b>29.4</b>	<b>34.8</b>	<b>35.2</b>	<b>27.1</b>
Communication Serv.	12.1	9.6	7.4	6.7
Energy	9.7	11.1	6.8	13.2
Industrials	7.6	11.4	15.8	6.9
Technology	0.0	2.6	5.2	0.2
<b>Cyclical</b>	<b>36.0</b>	<b>37.2</b>	<b>40.9</b>	<b>53.9</b>
Basic Materials	7.4	6.0	9.5	7.3
Consumer Cyclical	7.5	11.6	10.8	8.6
Financial Services	18.7	16.2	19.9	35.7
Real Estate	2.5	3.4	0.7	2.4

### Economic Moat 28/02/21

	Fund	3-Yr Avg	Category	Proxy
Wide Moat	15.1	16.6	22.4	13.7
Narrow Moat	40.0	34.4	32.7	36.9
No Moat	45.0	49.0	44.9	49.4
Coverage Ratio	64.8	66.5	73.6	86.7

# Brandes European Value Fund I Euro Acc

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 **Gold**  
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### Process: Portfolio


**Morningstar Category**  
 Europe Large-Cap Value  
 Equity

**Category Index**  
 MSCI Europe Value NR  
 EUR

**Index Proxy**  
 Amundi ETF MSCI  
 Europe Value Factor A/I

### Buying the unloved and the undervalued.

#### Process Pillar

 Above Average

Jan 26, 2021 | The portfolio is consistent with the team's deep-value style. Given the lack of benchmark constraints, the fund has a significant exposure to small- and mid-caps compared with its peers, which adds risks to an already-volatile portfolio. The team's willingness to go heavily wherever it finds value leads to pronounced sec-

tor biases. The portfolio has been invested for several years in beaten-down retailers such as Tesco, Morrison, Sainsbury, and Carrefour. Stocks in the food and beverage sector (Henkel, C&C Group, AB Inbev, Danone) were added thanks to the market sell-off in the first half of 2020, reinforcing the overweighting in the consumer defensive sector. The team also found other opportunities in the industrials sector, such as SKF and CNH (sold later in the year). For a long time, the team had kept a light exposure to banks for fear of excessive leverage. As they thought valuation

became compelling enough to compensate for the risk, they initiated several positions in 2019. While the sector's valuations became even more depressed in 2020, the team exerted caution and only added two small positions, in AIB--they think the firm has excess capital--and Bankinter. The financial services sector was nonetheless the largest underweighting compared with the value index, with 17% compared to 36% at end-November 2020. Historically, the fund has had up to 10% invested in Eastern Europe, Russia included (4.3% as of November 2020).

### Similarity to Index Proxy 31/01/21

Index Proxy Overlap	Number of Equity Holdings	Largest Common Holdings	Fund %	Proxy %	Largest Distinct Holdings	Fund %
	Fund					
	Index Proxy					
	Fund Overlap With Index Proxy					
	Holdings Overlap					
	Asset Overlap					

### Portfolio Holdings 31/01/21

Previous Portfolio Date	Equity Holdings	Bond Holdings	Other Holdings	Assets in Top 10 Holdings	Turnover Ratio (Reported)
31/12/20	66	0	5	24%	—


Top 10 Equity Holdings	Country	Assets % 31/01/21	Assets % 31/12/20	Proxy % 31/01/21	First Bought	Days Trading	Economic Moat	Sector	1-Yr Total Ret %
⊕ GlaxoSmithKline PLC	GBR	2.79	2.56	—	03/06	<1	Wide	⊕ Healthcare	-19.42
⊕ Sanofi SA	FRA	2.67	2.29	—	03/06	<1	Wide	⊕ Healthcare	-5.93
⊕ Danone SA	FRA	2.52	2.45	—	08/20	<1	Narrow	⊕ Consumer Defensive	-8.10
⊕ Publicis Groupe SA	FRA	2.37	2.16	—	01/16	<1	Narrow	⊕ Communication Serv.	42.05
⊕ WPP PLC	GBR	2.31	2.22	—	07/17	<1	Narrow	⊕ Communication Serv.	13.66
⊕ Credit Suisse Group AG	CHE	2.26	2.26	—	01/15	<1	Narrow	⊕ Financial Services	19.97
⊕ Eni SpA	ITA	2.23	2.24	—	05/09	<1	No	⊕ Energy	-10.09
⊕ UBS Group AG	CHE	2.22	2.22	—	12/14	<1	Narrow	⊕ Financial Services	34.96
⊕ Carrefour	FRA	2.17	2.26	—	03/06	<1	No	⊕ Consumer Defensive	-6.20

Change since previous portfolio: ⊕ Increase ⊖ Decrease ✱ New

New Holdings Largest Purchases	% Assets	Sector	Eliminated Holdings Largest Sales	% Assets	Sector	Largest Position Changes	Current %	Prior %
Buzzi Unicem SpA	1.57	⊕	Buzzi Unicem SpA Rsp	1.47	⊕	⊕ Sanofi SA	2.67	2.29
			Hye Group PLC	0.15	⊕	⊖ BNPP Insticash EUR 1D ST VNAV I Cap	2.44	3.19
			Repsol SA	0.05		✱ Buzzi Unicem SpA	1.57	0.00
						⊖ Nokia Oyj	0.13	0.73
						⊖ Buzzi Unicem SpA Rsp	0.00	1.47

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### Performance

**Morningstar Category**  
 Europe Large-Cap Value  
 Equity

**Category Index**  
 MSCI Europe Value NR  
 EUR

**Strong in the long term, but short-term pain is to be expected.**

#### Performance Pillar

Jan 26, 2021 | The fund's I USD share class has beaten both the category average and the MSCI Europe Value Index since inception in 2003, but also in the trailing 10- and 15-year periods at end-Dec 2020 on alpha terms.

While the fund has generally been able to deliver strong outperformance in up markets in

the last decade (2013, 2015, and 2016), the strategy also tends to protect assets during tough times, as its performance in 2011 and 2018 showed. It's not always the case: The strategy delivered mixed results during the global financial crisis. The strategy has inherent risks given its contrarian bent, high active share, exposure to Eastern Europe, and a sizable allocation to small- and mid-caps compared with peers. Some of these risks were on full display in 2017 as it posted a modest gain but one of its worst relative calendar-year returns on record. Exposures to

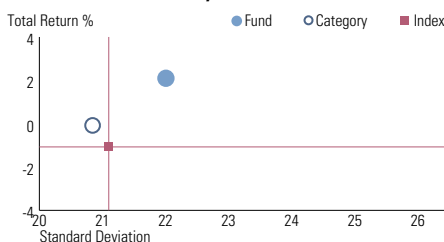
Russia and energy in general were costly. Stock selection in the consumer staples sector was a large detractor. Most of these bets have been kept and a few helped the strategy rebound in 2018. In 2020, the fund significantly outperformed the Morningstar Category average and the index, thanks to its positions in the consumer staples sector, and well-timed purchases during the March sell-off in the consumer and industrials space. The stock selection within financial services was also a positive contributor, alongside the underweighting in the sector.

#### Morningstar Rating and Risk 28/02/21

Period	Morningstar Ret vs Cat	Morningstar Risk vs Cat	Morningstar Rating
3 Years	Above Avg	Above Avg	★★★★
5 Years	Avg	Avg	★★★
10 Years	High	Avg	★★★★
Overall Rating			★★★★

#### Risk Analysis 28/02/21

##### 3-Year Return and Risk Analysis



#### 3-Year Risk Measures

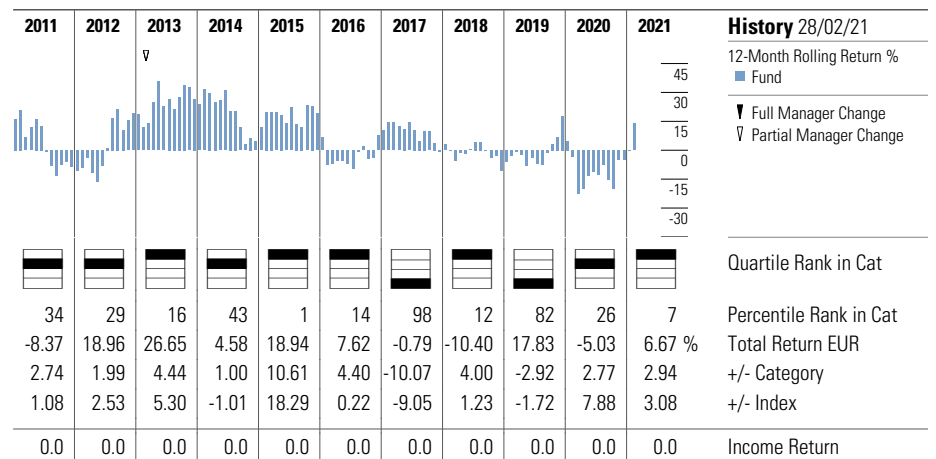
	Fund	Category	Index
Standard Deviation	22.01	20.84	21.10
Sharpe Ratio	0.22	0.12	0.07
R-Squared	96.47	92.82	—
Beta	1.02	0.95	—
Alpha	3.29	1.05	—

#### Maximum Drawdown

	Fund	Category	Index
Max Drawdown (%)	-28.91	-27.78	-29.21
Peak Date	01/20	01/20	01/20
Valley Date	03/20	03/20	03/20
Max Drawdown (Months)	3	3	3

#### Upside/Downside

	Fund	Category	Index
Upside Capture Ratio	102.5	97.5	—
Downside Capture Ratio	90.8	94.1	—



#### Returns 28/02/21

##### Trailing Returns

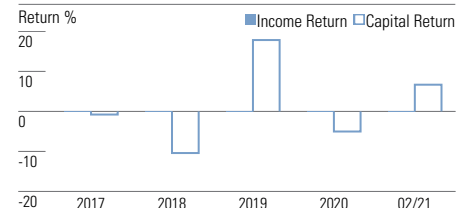
	Total Ret %	Investor Ret %	Rank in Cat	Cat Ret %	Index Ret %
1 Year	13.75	0.36	12	7.35	2.89
3 Years	2.09	-1.81	18	-0.08	-1.07
5 Years	3.93	1.35	59	4.11	4.01
10 Years	6.03	1.47	12	3.96	3.45
Tenure 01/03	8.05	—	—	5.12	4.76
Inception 02/03	8.05	—	—	5.97	5.73

##### Rolling-Returns Summary

Rolling Period	Percentage
36-Month Rolling Periods	46%
147 Observations, 12 Years	24
	19
	11

The shading and percentages correspond to how often the fund returns landed in each category quartile.

#### Income and Capital Returns



Year	Income Ret %	Income % Rank in Cat	Capital Ret %	Capital % Rank in Cat
2017	0.00	29	-0.79	97
2018	0.00	33	-10.40	8
2019	0.00	36	17.83	73
2020	0.00	38	-5.03	22
02/21	0.00	17	6.67	7

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### People

**Morningstar Category**  
 Europe Large-Cap Value Equity

**Category Index**  
 MSCI Europe Value NR EUR

#### A strong and committed group of investors.

**People Pillar**  High

Jan 26, 2021 | The team's stability, resources and investment acumen earn it a High People rating.

Brandes takes a team approach to portfolio management, and this strategy is managed by a five-person investment committee. Buy and sell decisions require a majority vote, and the team approach helps mitigate key-person risk and pro-

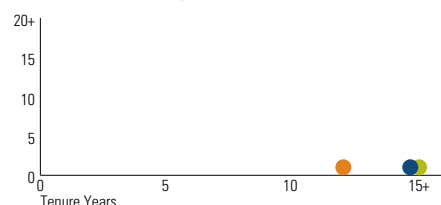
motes continuity in the research process. Amelia Morris, Jeffrey Germain, and Brent Woods have the longest history with the strategy. Luiz Sauerbronn and Shingo Omura joined the committee more recently, in 2013, but have been at the firm for 20 and 16 years, respectively. The average experience of the five managers stands at 25 years. They meet at least once a week to review recent research reports and make investment decisions. This committee is also responsible for the firm's Japan and global equity ex US portfolios, which is not ideal, although their wide remit has been be-

neficial to this strategy at times through global benchmarking in the stock research. Our concerns are also limited as Brandes' investment team is deep, experienced with value investing, and has been very stable. Three veteran fund managers retired in 2018, including two with research duties. Three new analysts have been hired since 2018 and the level of experience has remained high across the board. The firm boasts 27 equity investment professionals, all based in San Diego, who average 21 years of industry experience and 17 years at Brandes.

#### Management Team

##### Experience and Asset Load

Total AUM Bil in Funds Managed



Number of Managers	Longest Tenure	Manager Retention Rate 5-Year —%	Average Manager Tenure
5	18.17 Years	—%	12.93 Years

**Advisor**  
 Brandes Investment Partners (Europe) Limited

**Subadvisor**  
 —

#### ● Amelia Maccoun Morris 01/03 to Present

**Years of Experience**  
35

**Years on Fund**  
18

**Fund AUM**  
764.50 Mil EUR

**Current Funds Managed**  
5

Largest Funds Managed	Tenure Dates	Role	Fund Size Mil EUR	Investment Mil EUR	Tenure Ret %	Index Ret %
Brandes International Equity Fund	12/98 to Present	1 of 5	480.43	<1	6.42	5.29
Brandes European Value Fund	01/03 to Present	1 of 5	206.86	—	7.19	4.76
Brandes International Equity Fund	07/02 to Present	1 of 5	77.20	—	4.41	6.39
Brandes Intl Equity	11/09 to Present	1 of 5	0.00	—	4.93	5.80
International Fundamental Value Fund	06/97 to Present	1 of 5	0.00	—	4.53	5.29

#### ● Brent V. Woods 01/03 to Present

**Years of Experience**  
26

**Years on Fund**  
18

**Fund AUM**  
764.50 Mil EUR

**Current Funds Managed**  
5

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Brandes International Equity Fund	12/97 to Present	1 of 5	480.43	>1	6.75	5.29
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Brandes Intl Equity	11/09 to Present	1 of 5	0.00	—	4.93	5.80
International Fundamental Value Fund	06/97 to Present	1 of 5	0.00	—	4.53	5.29

#### ● Jeffrey Germain 01/09 to Present

**Years of Experience**  
23

**Years on Fund**  
12


**Fund AUM**  
764.50 Mil EUR

**Current Funds Managed**  
5

Largest Funds Managed	Tenure Dates	Role	Fund Size Mil EUR	Investment Mil EUR	Tenure Ret %	Index Ret %
Brandes International Equity Fund	12/09 to Present	1 of 5	480.43	<0.5	4.28	5.65
Brandes European Value Fund	01/09 to Present	1 of 5	206.86	—	8.72	6.89
Brandes International Equity Fund	01/09 to Present	1 of 5	77.20	—	6.33	9.84
Brandes Intl Equity	11/09 to Present	1 of 5	0.00	—	4.93	5.80
International Fundamental Value Fund	06/97 to Present	1 of 5	0.00	—	4.53	5.29

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### Parent

**Morningstar Category**  
 Europe Large-Cap Value Equity

**Category Index**  
 MSCI Europe Value NR EUR

### Staying true to its value DNA, despite major style headwinds.

**Parent Pillar**  Above Average

Jan 22, 2021 | Brandes' strong investment culture and long-term focus benefit investors. The firm earns an Above Average Parent rating.

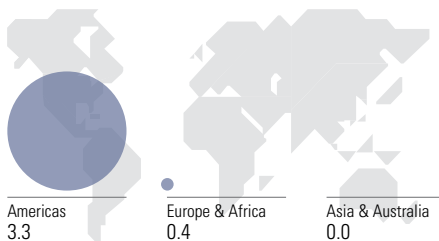
Brandes is an independent asset manager based in San Diego and founded by Charles Brandes in 1974. He stepped down in 2018 but handed over his management responsibilities sev-

eral years before his retirement. He remains the largest shareholder, and his shares will be progressively bought by the remaining partners until 2029, preserving the firm's independence and its sound investment culture. Assets under management have declined sharply since 2008 because of subdued performance and hefty outflows, but Brandes has stuck to its deep-value style. The firm has managed to remain profitable, and its investment capabilities have been safeguarded. Brandes benefits from a pool of seasoned fund managers and analysts with very long tenures.

Teamwork is clearly emphasised with several investment committees running the strategies, which reduces key-person risk.

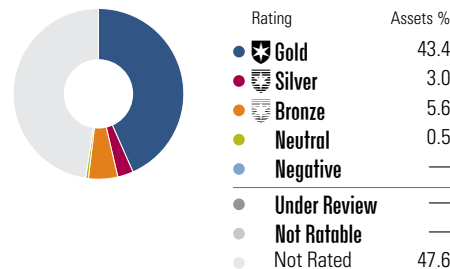
One area of improvement, though, is to formally link the managers' variable compensation to the funds' results. Our concerns are mitigated by the firm's co-investment policy whereby fund managers must invest in the funds alongside investors. Team stability is further supported by the partnership structure of Brandes. Nineteen out of the 23 partners are members of the investment team.

### Assets By Region, By Domicile Bil EUR



### Fund Family Details Europe (\*)

#### Morningstar Analyst Rating Breakdown



#### Morningstar Rating Breakdown



### Asset Class Breakdown Europe (ex Money Mkt)



### Fund Family Details Europe

Top Performing Funds		Category Name	Fund Size Mil EUR	Return % 3-Year	Rank in Cat % 3-Year
Brandes US Value Fund A Euro Acc		US Large-Cap Value Equity	119.6	9.09	23
Brandes Global Value Fund I USD Acc		Global Large-Cap Value Equity	61.7	4.22	45
Brandes European Value Fund I USD Acc		Europe Large-Cap Value Equity	206.8	1.86	20

Largest Funds		Category Name	Fund Size Mil EUR	Return % 3-Year	Rank in Cat % 3-Year
Brandes European Value Fund I USD Acc		Europe Large-Cap Value Equity	206.8	1.86	20
Brandes US Value Fund A Euro Acc		US Large-Cap Value Equity	119.6	9.09	23
Brandes Global Value Fund I USD Acc		Global Large-Cap Value Equity	61.7	4.22	45

Recent Fund Launches		Category Name	Fund Size Mil EUR	Return % Inception	Inception Date
Brandes Emerging Markets Value Fund US Dollar Class I Shares		Global Emerging Markets Equity	14.6	3.93	10/05/12
Brandes US Value Fund A Euro Acc		US Large-Cap Value Equity	119.6	11.85	17/07/03
Brandes European Value Fund I USD Acc		Europe Large-Cap Value Equity	206.8	5.85	14/01/03

(\*) All data is based on Branding name and refers to funds domiciled in Europe.

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# Brandes European Value Fund I Euro Acc

## IE0031574977

**Morningstar Analyst Rating**  
**Gold**  
 26 Jan 2021  
 15:33, UTC-0600

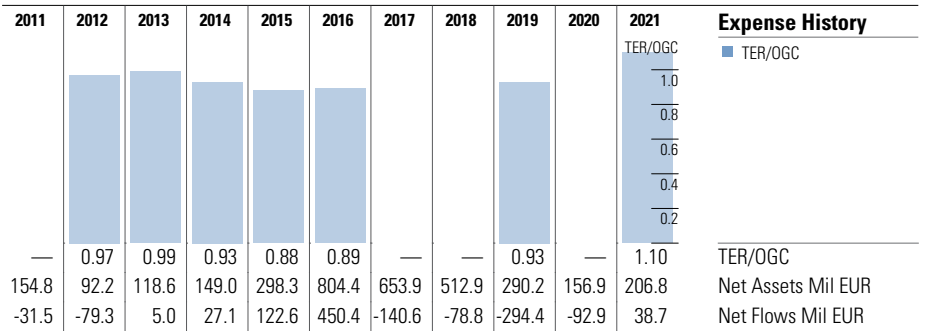
### Price

**Morningstar Category**  
 Europe Large-Cap Value Equity

**Category Index**  
 MSCI Europe Value NR EUR

### Price Pillar

Jan 26, 2021 | There was insufficient cost data available for this investment at time of publication.



### Expense Breakdown

Ongoing charge	
Ongoing charge 16/02/21	1.10

### Selected Components

Max Management Fee	0.70
Performance Fee	—

### Fee Level

Fee Level	Peer Group
—	—

### Fee Level Breakpoints

High	>0.00
Above Average	0.00-0.00
Average	0.00-0.00
Below Average	0.00-0.00
Low	<0.00
◀ Fund	1.10
◀ Peer Median	—

### Share Class Information

Share Class	Identifier	Morningstar Category	TER/OGC	Max Mgmt Fee	Performance Fee	Maximum Initial Charge	Minimum Initial Inv	Assets Bil EUR
<b>Brandes European Value I Euro</b>	<b>IE0031574977</b>	<b>Europe Large-Cap Value Equity</b>	<b>1.10</b>	<b>0.70</b>	—	<b>5.00</b>	<b>1,000,000</b>	<b>0.24</b>
Brandes European Value A Euro	IE0031574647	Europe Large-Cap Value Equity	1.79	0.70	—	5.00	10,000	0.02
Brandes European Value A GBP	IE0031574753	Europe Large-Cap Value Equity	2.07	0.70	—	5.00	10,000	0.01
Brandes European Value I USD	IE0031574860	Europe Large-Cap Value Equity	1.11	0.70	—	5.00	1,000,000	0.00
Brandes European Value A USD	IE0031574530	Europe Large-Cap Value Equity	1.80	0.70	—	5.00	10,000	0.00
Brandes European Value I GBP	IE0031575057	Europe Large-Cap Value Equity	1.16	0.70	—	5.00	10,000	0.00

# Morningstar Global Fund Report

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	2019	2020	2021
 Gold			
 Silver			
 Bronze			
Neutral			
Negative			
Under Review			
Not Notable			

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Morningstar has identified five key areas that we believe are crucial to predicting the future success of funds: People, Parent, Process, Performance, and Price. Each pillar is evaluated when assessing a fund as well as the interaction between the pillars, which we believe is crucial to understanding a fund's overall merit.

#### People

The overall quality of a fund's investment team is a significant key to its ability to deliver superior performance relative to its benchmark and/or peers. Evaluating a fund's investment team requires that analysts assess several relevant items including how key decisions are made.

#### Parent

We believe the parent organization is of utmost importance in evaluating funds. The fund's management set the tone for key elements of our evaluation, including capacity management, risk management, recruitment and retention of talent, and incentive pay. Beyond these operational areas, we prefer firms that have a culture of stewardship and put investors first to those that are too heavily weighted to salesmanship.

#### Process

We look for funds with a performance objective and investment process (for both security selection and portfolio construction) that is sensible, clearly defined, and repeatable. In addition, the portfolio should be constructed in a manner that is consistent with the investment process and performance objective.

#### Performance

We do not believe past performance is necessarily predictive of future results, and this factor accordingly receives a relatively small weighting in our evaluation process. In particular, we strive not to anchor on short-term performance. However, we do believe that the evaluation of long-term return and risk patterns is vital to determining if a fund is delivering to our expectations.

#### Price

To reflect actual investor experience, price is evaluated within the context of the relevant market or cross-border region—for example, the United States, Australia, Canada, or Europe. In recognition of differences in scale and distribution costs in various markets, the level at which a fund is penalised for high fees or rewarded for low fees can vary with region. In Europe, for example, funds are penalised if they land in the most expensive quintile of their Morningstar category and are rewarded if they land in the cheapest quintile. The assessment is made using annual expense ratios, but in the case of funds with performance fees, expenses are evaluated excluding any performance fees and then the structure of the performance fee is evaluated separately.



**Morningstar Analyst Ratings**

Morningstar Analyst Ratings are assigned on a five-tier scale running from Gold to Negative. The top three ratings, Gold, Silver, and Bronze, all indicate that our analysts think highly of a fund; the difference between them corresponds to differences in the level of analyst conviction in a fund's ability to outperform its benchmark and peers through time, within the context of the level of risk taken.

**Gold**

Represents funds that our analyst has the highest-conviction in for that given investment mandate. By giving a fund a Gold rating, we are expressing an expectation that it will outperform its relevant performance benchmark and/or peer group within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years). To earn a Gold rating, a fund must distinguish itself across the five pillars that are the basis for our analysis.

**Silver**

Represents funds our analyst has high-conviction in, but not in all of the five pillars. With those fundamental strengths, we expect these funds will outperform their relevant performance benchmark and/or peer group within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years).

**Bronze**

Represents funds that have advantages that clearly outweigh any disadvantages across the pillars, giving analyst the conviction to award them a positive rating. We expect these funds to beat their relevant performance benchmark and/or peer group within the context of the level of risk taken over a full market cycle (or at least five years).

**Neutral**

Represents funds in which our analysts don't have a strong positive or negative conviction. In our judgment, these funds are not likely to deliver standout returns, but they aren't likely to seriously underperform their relevant performance benchmark and/or peer group either.

**Negative**

Represents funds that possess at least one flaw that our analysts believe is likely to significantly hamper future performance, such as high fees or an unstable management team. Because of these faults, we believe these funds are inferior to most competitors and will likely underperform their relevant performance benchmark and/or peer group, within the context of the level of risk taken, over a full market cycle.

Morningstar may also use two other designations in place of a rating:

**Under Review**

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**Not Ratable**

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**Economic Moat**

The concept of an economic moat plays a vital role in our equity analyst's qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of its fair value estimate. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a *narrow moat* are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. *Wide-moat* companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, *no-moat* companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

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