# Brandes U.S. Small-Mid Cap Value ETF

## FUND INFORMATION

| | |
|---|---|
| Ticker | BSMC |
| CUSIP | 900934100 |
| NAV Symbol | BSMC.NV |
| Primary Exchange | CBOE |
| Dividend Frequency | Quarterly |
| Expense Ratio | 0.71% |

## STRATEGY

BSMC is an actively managed ETF that seeks long-term capital appreciation by investing primarily in equity securities of small- and mid-capitalization U.S. companies.

*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 (866) 307-0477.*

## TOP TEN HOLDINGS

(% of assets as of 9/30/2025)

| | |
|---|---|
| Premier Inc | 3.89 |
| NETGEAR Inc | 3.15 |
| IPG Photonics Corp | 3.06 |
| Elanco Animal Health Inc | 2.72 |
| Amdocs Ltd | 2.66 |
| Ingles Markets Inc | 2.62 |
| Embraer SA | 2.59 |
| National Presto Industries Inc | 2.52 |
| Innovex International Inc | 2.45 |
| Edgewell Personal Care Co | 2.43 |

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

The Brandes U.S. Small-Mid Cap Value ETF rose 6.35%/6.06% (NAV/Market Price), underperforming its benchmark, the Russell 2500 Index, which was up 9.00%. The Russell 2500 Value Index increased by 8.17%.

## Positive Contributors

Primary contributors included companies in the health care sector, led by Elanco Animal Health, Phibro Animal Health, staffing and outsourced solutions company Premier, contract researcher Fortrea Holdings, and sterilization services company Sotera Health Company.

Both Elanco and Phibro Animal Health reported earnings that beat their fiscal year revenue forecasts, and they subsequently raised their targets after citing increased demand for their medicines and vaccines for the pet and animal markets.

Other solid performers included children's publishing company Scholastic and energy equipment and services business Innovex International.

## Performance Detractors

On a sector basis, the Fund's investments in information technology (IT) detracted from returns, specifically in IT services companies Amdocs and EPAM Systems.

Edgewell Personal Care was also a detractor after delivering disappointing earnings results and lowering full-year guidance due to a weak sun care season and higher promotional spending. We increased the Fund's position based on the share-price weakness because we viewed the lower results and reduced guidance as temporary setbacks.

Additional detractors included dental equipment company Dentsply Sirona, home appliance company Whirlpool, and pharmaceutical company Prestige Consumer Healthcare.

## Select Activity in the Quarter

In a light period for portfolio activity, just one full sell occurred, but no new positions were added. The small-mid cap investment committee exited the Fund's position in Quest Diagnostics as its share price reached our estimate of its intrinsic value.

## Year-to-Date Briefing

The Brandes U.S. Small-Mid Cap Value ETF rose 10.87%/10.62% (NAV/Market Price), outperforming its benchmark, Russell 2500 Index, which was up 9.48%, and the Russell 2500 Value Index, which reached 9.29% in the nine months ended September 30, 2025.

Stock selection across multiple sectors drove the Fund's outperformance relative to the benchmark. Leading contributors included health care companies, led by Elanco Animal Health, Phibro Animal Health, Premier, and global plasma-derived medications manufacturer Grifols.

The Fund also benefited from investments in industrials, including regional jet manufacturer Embraer and housekeeping and management services provider Healthcare Services Group.

On a relative basis, consumer staples represented the lowest-performing sector, and the Fund's overweight hurt returns, along with position in Edgewell Personal Care within the sector. Other notable detractors included Dentsply Sirona and Fortrea Holdings.

## Current Positioning

Health care continues to be one of the largest sector weights in the Fund and the largest relative overweight compared to the benchmark. We also have overweights to consumer staples and energy versus the benchmark.

The Fund's most significant underweights are in consumer discretionary, financials, and real estate, which is consistent with what the Fund held at the start of 2025.

In our opinion, the differences between the Brandes U.S. Small-Mid Cap Value ETF and the broader U.S. small-mid cap market continue to make the Fund an attractive complement to other small-cap and small-mid offerings. The Fund exhibits lower valuations than the Russell 2500 Index, while offering exposure to companies that have what we consider strong balance sheets, compelling growth prospects, and a history of durable free cash flow.

We are optimistic about the potential of value stocks in general and believe the Brandes U.S. Small-Mid Cap Value ETF remains well positioned from a long-term risk-reward perspective.

| Performance (%) as of September 30, 2025 | | | | | |
|---|---|---|---|---|---|
| | 3 Months | YTD | 1 Year | 3 Years | Since Inception 10/03/2023 |
| NAV | 6.35 | 10.87 | 7.70 | — | 16.73 |
| Market Price | 6.06 | 10.62 | 7.66 | — | 16.80 |
| Russell 2500 Index | 9.00 | 9.48 | 10.16 | — | 19.85 |
| Russell 2500 Value Index | 8.17 | 9.29 | 9.00 | — | 19.52 |

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For index definitions, please refer to https://www.brandes.com/termdefinitions.
For index definitions, please refer to https://www.brandes.com/benchmark-definitions.

It is not possible to invest directly in an index.

**Investing involves risk, including potential loss of principal. An investment in the Fund may be subject to risks associated with investing in equity securities, including foreign and value securities risks, issuer risk, and focused investing risk. The Fund may, from time to time, invest a substantial portion of the total value of its assets in securities of issuers located in a particular industry, sector, country or geographic region. During such periods, the Fund may be more susceptible to risks associated with that industry, sector, country, or region. The Fund is an exchange-traded fund and, as a result of this structure, it is exposed to additional trading and transactional risks, limited participant risk, and risks associated with buying and selling shares. The Fund is a recently organized investment company with limited operating history. Please see the prospectus for a discussion of risks. Securities of mid-capitalization and small-capitalization companies may have comparatively greater price volatility and less liquidity than the securities of companies that have larger market capitalizations and/or that are traded on major stock exchanges. The Fund invests in value securities, which are securities the Advisor believes are undervalued for various reasons, including but not limited to as a result of adverse business, industry or other developments, or are subject to special risks, or limited market understanding of the issuer's business, that have caused the securities to be out of favor. The value style of investing utilized by the Advisor may cause the Fund's performance to deviate from the performance of broad market benchmarks and other managers for substantial periods of time. It may take longer than expected for the prices of value securities to increase to the anticipated value, or they may never increase to that value or may decline.**

ETFs are subject to additional risks that do not apply to conventional mutual funds, including the risks that the market price of an ETF's shares may trade at a premium or discount to its net asset value, an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact an ETF's ability to sell its shares. Shares of any ETF are bought and sold at market price (not NAV) and are not individually redeemed from the ETF. Brokerage commissions will reduce returns.

*Investors should consider the investment objectives, risks, charges and expenses carefully before investing. For a prospectus or summary prospectus with this and other information about the Fund, please call (866) 307-0477 or visit http://www.brandes.com/etfs. Read the prospectus or summary prospectus carefully before investing.*



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