

Brandes U.S. Value ETF

FUND INFORMATION

Ticker	BUSA
CUSIP	900934308
NAV Symbol	BUSA.NV
Primary Exchange	CBOE
Dividend Frequency	Quarterly
Expense Ratio	0.60%

STRATEGY

BUSA is an actively managed ETF that seeks long-term capital appreciation by investing primarily in equity securities of U.S. companies with market capitalizations greater than \$5 billion.

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 6/30/2026)

Merck & Co Inc	2.70
Bank of America Corp	2.62
Becton Dickinson & Co	2.53
Textron Inc	2.48
Citigroup Inc	2.40
The PNC Financial Services Group Inc	2.30
The Cigna Group	2.28
Alphabet Inc	2.25
Knight-Swift Transportation Holdings Inc	2.19
ICON PLC	2.11

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

The Brandes U.S. Value ETF rose 6.99%/6.97% (NAV/Market Price) in the quarter, underperforming its benchmark, the Russell 1000 Value Index, which was up 13.87%.

Positive Contributors

Technology stocks dominated equity market returns during the quarter as investor enthusiasm surrounding artificial intelligence (AI) continued to intensify. Semiconductor manufacturers, technology hardware companies, and other businesses viewed as beneficiaries of accelerating AI-related capital expenditures were among the strongest performers and drove much of market returns, including within the value index.

While the Fund's underweight to technology detracted from relative performance, several of the Fund's technology holdings were among the Fund's top contributors. Memory semiconductor firm Micron, electronics manufacturing firm Flex, and technology distributor Arrow Electronics all appreciated sharply. Although Micron was the largest contributor to absolute returns, it was also one of the largest detractors from relative returns. As the stock appreciated, its weight in the benchmark increased until the June Russell rebalance, when it was moved out of the value index. We trimmed the position and eventually exited it during the quarter.

Other contributors included several health care companies whose share prices rebounded during the quarter. ICON recovered following the conclusion of an internal accounting investigation that had weighed on its shares in the first quarter. The company also reported improved customer and industry spending momentum. UnitedHealth and CVS both rose on increased market optimism around stabilizing medical cost trends and improved Medicare Advantage margins.

Additionally, freight shipping company Knight-Swift benefited from renewed investor optimism surrounding freight pricing and industry fundamentals.

Performance Detractors

The dominant market theme during the quarter remained the exceptional performance of companies perceived to be direct beneficiaries of AI-related spending. The technology sector rose more than 80% and approached 20% of the Russell 1000 Value Index. The differences in technology exposure—and individual constituent performance—between the Fund and the benchmark accounted for nearly all of the Fund's underperformance.

The benchmark's technology weight has increased mechanically along with rising share prices, resulting in a meaningful underweight for the Fund after having been long overweight technology companies relative to the Russell 1000 Value Index.

Although the Fund's technology holdings appreciated in aggregate, the Fund's allocation to IT services detracted from performance, led by Cognizant, EPAM Systems, and Amdocs. While the market currently views AI as a threat to portions of the IT services industry, we believe select companies are positioned to help clients implement, integrate, and optimize new technologies, preserving the relevance of their value proposition.

Current investor sentiment toward IT services firms reminds us of the market skepticism that accompanied the industry's transition from on-premise software to cloud computing about a decade ago. While that shift initially raised concerns about disruption, it ultimately created meaningful implementation demand and new revenue opportunities for many IT services providers. We agree that AI will have an impact on IT services businesses, but we believe current market concerns may be overstated. Nonetheless, we remain cautious and

highly selective, preferring companies focused on business transformation, consulting, and enterprise technology implementation rather than providers primarily competing on low-cost software development.

As mentioned above, the Fund's eventual underweight to Micron was also one of the largest relative detractors. The Fund's lack of holdings of select strong performing semiconductor and technology hardware names in the benchmark, including Intel, AMD, and SanDisk, also weighed on relative returns.

Outside the technology sector, energy holdings Chevron, Halliburton, and SLB declined as oil prices weakened amid increasing optimism regarding a potential easing of geopolitical tensions in the Middle East. Materials firm Westlake also detracted after reporting disappointing results driven by softness in chemical markets.

Select Activity in the Quarter

The investment committee initiated positions in financial company Capital One and animal health care firm Zoetis.

Zoetis is the global leader in animal health, providing a broad portfolio of vaccines, medicines, and diagnostics across both companion animals and livestock. Zoetis has historically been able to generate what we consider attractive returns on capital, underpinned by its leading market share, diversified and broad global footprint, and leading research and development (R&D) capabilities. Additionally, the animal health market should continue to benefit from strong secular tailwinds, including increasing pet ownership, longer animal lifespans, and a rising need for protein production globally.

Despite these compelling fundamentals, the shares have been out of favor over the past year due to several factors, including heightened competition in the companion animal segment and a more cautious consumer spending environment. The company's guidance for the possibility of reduced growth and slower product pipeline has also weighed on the shares, along with a perceived lack of near-term catalysts.

From a long-term perspective, we believe these concerns understate the durability and quality of the franchise. Zoetis remains the largest and best-positioned player, in our view, in a consolidated industry with high barriers to entry driven by R&D intensity and deep commercial infrastructure. Its scale enables solid operating leverage and sustained innovation, with R&D investment running at roughly twice that of key competitors, supporting a robust pipeline across multiple therapeutic areas. While near-term growth may appear muted, we see the recent share-price weakness as an opportunity to invest in a well-positioned company at an appealing valuation.

As previously mentioned, the committee divested the Fund's holding in memory semiconductor company Micron. We

initiated the investment in 2020 and added to the position in 2022 as an anticipated downturn in memory demand pressured the shares. In our view, the market was overly focused on the short-term cyclical risk, underappreciating both potential structural improvements within the industry and Micron's own strengthening competitive position. Industry consolidation had reduced the DRAM market to just three players, fostering more disciplined supply behavior and potentially improved through-cycle economics relative to history. At the time, we believed Micron had meaningfully narrowed the technology and cost gap with peers while being in a good position to benefit from long-term secular tailwinds, including data growth, cloud computing, and increasing memory intensity across devices. Despite these improvements, the stock traded near trough-level valuations, offering what we considered an attractive margin of safety.

Our investment case played out better than initially anticipated. Micron benefited from both cyclical recovery and powerful secular drivers, most notably the rapid expansion of AI, which increased memory demand and supported industry profitability. Accordingly, we raised our intrinsic value estimates over time as the durability and magnitude of these tailwinds became clearer. However, the share price appreciated even more dramatically, driven by strong sentiment and investor focus on memory stocks as direct beneficiaries of AI-related capital spending. While its earnings- or cash flows-based valuation multiples do not appear excessive, we believe the current level of earnings may prove difficult to sustain over a full cycle. On broader and more stable valuation metrics such as enterprise value-to-sales, the company now trades near record multiples relative to its through-cycle economics. With the shares reaching our revised intrinsic value estimate, we exited the position.

Year-to-Date Briefing

The Brandes U.S. Value ETF gained 8.93%/8.74% (NAV/Market Price), underperforming the Russell 1000 Value Index, which rose 16.26% for the six months ended June 30, 2026.

While value has outperformed the broader market so far this year (Russell 1000 Value vs. Russell 1000), much of that outperformance occurred during the first two months of 2026. Since then, the increasing weight of semiconductor and other technology companies within the value index allowed it to largely keep pace with the broader market, trailing by only a modest amount during the second quarter.

Semiconductor stocks were the dominant driver of benchmark returns. Despite representing less than 5% of the benchmark at the start of the year, the industry generated nearly half of its year-to-date gains. Although the June Russell rebalance significantly altered index constituents and industry weights, technology remained the primary driver of benchmark performance. Without the sector's outsized appreciation, the benchmark returns would have been mid-single digits.

While the Brandes U.S. Value ETF performed in line with its benchmark in the first quarter, the increasingly concentrated, AI-driven market of the second quarter has led to underperformance versus both the broad and value indices for the year-to-date period. The Fund's exposure to technology companies—or lack thereof in some cases—accounted for more than 100% of the Fund's underperformance.

At the security level, the detractors were similar to the second quarter, led by IT services holdings EPAM Systems, Cognizant, and Amdocs. Additionally, not owning several strong benchmark performers, including Intel, AMD, SanDisk, and Applied Materials, weighed heavily on relative returns. As in the second quarter, the Fund's eventual underweight to Micron also hurt relative performance, despite the holding being the Fund's largest absolute contributor.

Positive contributors were likewise consistent with the second quarter. AI beneficiaries and technology holdings Flex and Arrow Electronics appreciated significantly, while Knight-Swift, UnitedHealth, and CVS also contributed positively.

Current Positioning

As market returns have become increasingly concentrated in a small number of AI-related companies, we believe the index-agnostic Brandes U.S. Value ETF offers investors meaningful diversification relative to prevailing market exposures.

The Fund's largest allocations remain in health care and financials. In our view, both sectors contain businesses that may ultimately benefit from technological advances and AI adoption without carrying the valuation and earnings risks embedded in many of today's most popular technology stocks. We continue to find favorable opportunities where near-term uncertainty has created a disconnect between price and long-term fundamentals.

Although technology is now the Fund's largest underweight relative to the benchmark, we continue to identify selective opportunities within the area, primarily in IT services and technology-adjacent businesses. We are attracted to companies that possess valuable proprietary data, deep customer relationships, or mission-critical products—characteristics that may strengthen their competitive positions as AI adoption expands. While not operating in the technology sector, our recent purchases such as insurer Arthur J. Gallagher and credit bureau Equifax reflect this theme. In each case, we believe the market has become overly focused on potential disruption risks while underappreciating the strategic assets and competitive advantages that we believe these businesses possess.

Looking ahead, we believe the current environment remains particularly attractive for disciplined value investors. Investor enthusiasm continues to be heavily concentrated in a narrow group of AI-related companies, often with limited regard to

valuation or earnings risks. While the long-term potential of AI is significant, history suggests that periods of extreme optimism can create opportunities for active investors to uncover appealing investments elsewhere in the market. We believe that is the case today.

Across the Fund's portfolio, we are finding companies with strong competitive positions, durable cash-flow characteristics, and valuations that appear increasingly overlooked by investors. Many of these businesses possess attributes that could allow them to benefit from technological change rather than be disadvantaged by it. In our view, the Fund's differentiated exposures can provide investors with meaningful diversification potential and make it a compelling complement to passive and growth-oriented approaches. It also offers what we consider a more attractive aggregate valuation profile than the benchmark, while remaining focused on long-term return potential. We remain encouraged by the prospects for value stocks and the risk-reward profile of the Fund's holdings.

Performance (%) as of June 30, 2026					
	3 Months	YTD	1 Year	3 Years	Since Inception 10/03/2023
NAV	6.99	8.93	19.99	—	19.86
Market Price	6.97	8.74	19.76	—	19.83
Russell 1000 Value Index	13.87	16.26	27.12	—	21.99
Russell 1000 Index	15.14	10.33	22.02	—	24.73

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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.
Diversification cannot assure a profit or protect against loss in a down market.

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.

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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