

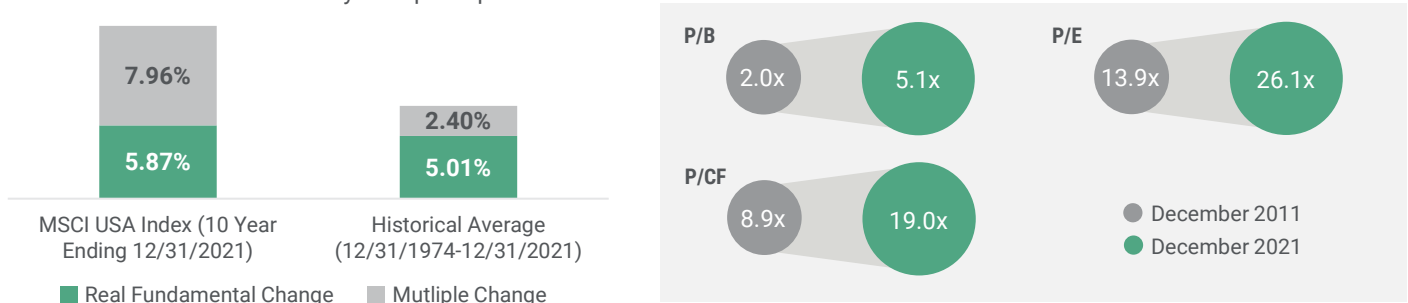
# Time to Increase Your Value Allocation?

The past year has seen encouraging signs for value stocks, including the recent market correction, as value stocks have also shown more resiliency than their growth counterparts, as MSCI USA Value fell 4.2% year-to-date 2/28/2022, compared to a decline of 12.6% for MSCI USA Growth. Nevertheless, the gap in valuations between value and growth stocks remains historically wide and we believe investors should consider increasing their allocation to value.

The U.S. market appears expensive after a decade of significant multiple expansion.

## 10-YEAR ANNUALIZED REAL RETURN DECOMPOSITION OF MSCI USA INDEX<sup>1</sup>

Recent Returns Have Been Driven by Multiple Expansion

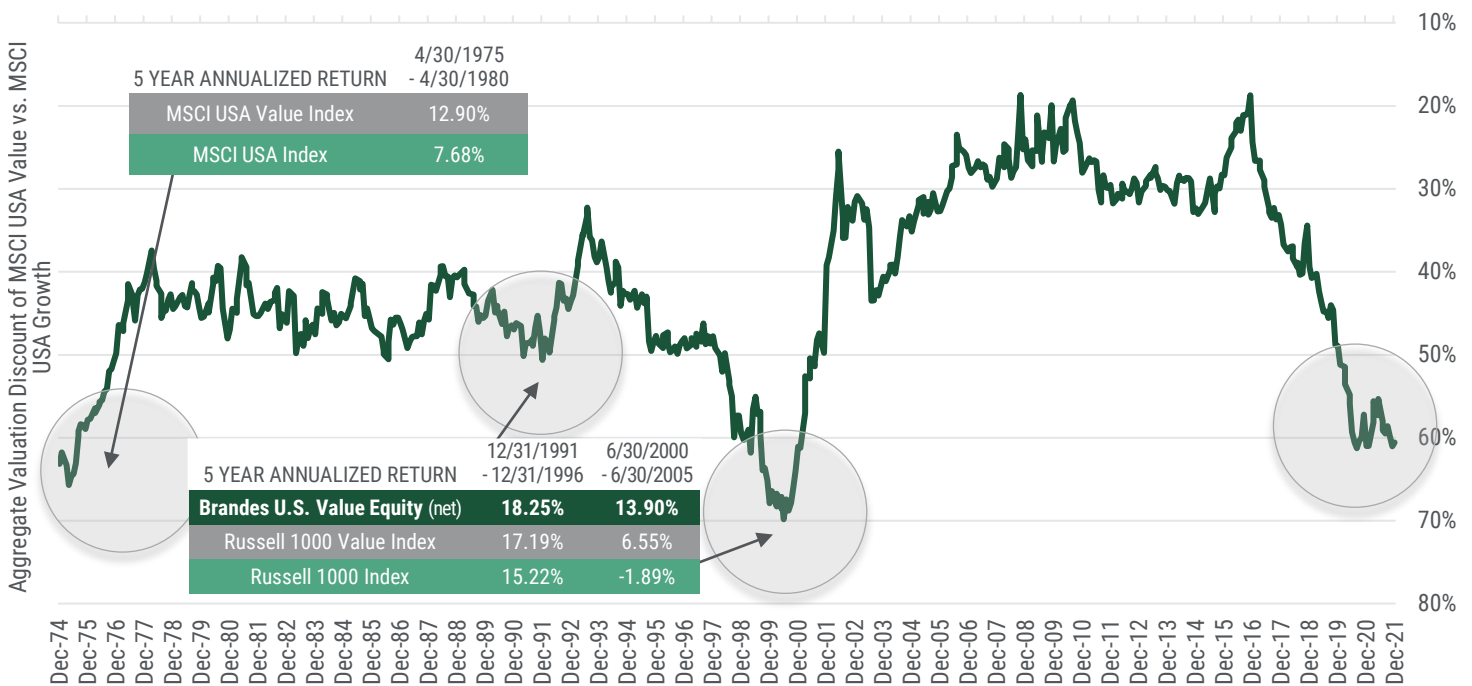


Multiple Change: average annualized change in P/E, P/CF, and P/B multiples; historical average is measured over quarterly rolling 10 year periods.  
 Real Fundamental Change: the residual of total return less inflation and multiple change; includes earnings growth and dividends.

Within the expensive asset class, value stocks began 2022 attractively priced compared to their growth counterparts, in our opinion. Historically, similar valuation levels led to appealing returns for value stocks and our Brandes U.S. Value Equity Strategy.

## U.S. VALUE STOCKS RELATIVE VALUATION<sup>2</sup>

Valuation Relative to Growth Stocks vs. History and Subsequent Returns



DECEMBER 31, 1974 to DECEMBER 31, 2021. Please refer to the attached GIPS® Report. Brandes performance net of management fees. Past performance is not a guarantee of future results. One cannot invest directly in an index. For each fundamental ratio (Price/Book, Price/Earnings, Price/Cash Flow, Forward Price/Earnings, Enterprise Value/Sales, Enterprise Value/Earnings Before Interest, Taxes, Depreciation, and Amortization), we calculate the average ratio of the MSCI USA Value Index and divide it by the average ratio of the MSCI USA Growth Index to determine the relative valuation. Aggregate valuation discount based upon the average of each individual metric's valuation discount of the value index relative to growth.

Value stocks also provide diversification vs. a growth heavy U.S. market. Additionally, as the U.S. equity market has tilted more and more toward growth, value stocks can provide compelling diversification potential.

**VALUE HAS PROVIDED MORE DIVERSIFICATION THAN OTHER FACTORS<sup>3</sup>**

Top 10 Holdings: Quality, Momentum and Growth Were More Concentrated and Correlated

MSCI USA Quality	MSCI USA Growth	MSCI USA Momentum	MSCI USA Value	Brandes U.S. Value Equity
Apple	Apple	Microsoft	United Health	Bank of America
Meta Platforms	Microsoft	Tesla	JPMorgan Chase	McKesson
Microsoft	Amazon	Nvidia	Johnson & Johnson	Pfizer
Nvidia	Tesla	JPMorgan Chase	Home Depot	Chevron
Johnson & Johnson	Alphabet A	Bank of America	Procter & Gamble	Citigroup
United Health	Alphabet C	Eli Lilly	Berkshire Hathaway	CVS Health
Mastercard	Meta Platforms	Costco	Bank of America	FedEx
Visa	Nvidia	Accenture	Pfizer	Wells Fargo
Adobe	Visa	Intuit	Broadcom	Merck
Accenture	Mastercard	Thermo Fisher	Cisco	Comcast
<b>41.2%</b>	<b>54.5%</b>	<b>37.3%</b>	<b>17.7%</b>	<b>27.4%</b>

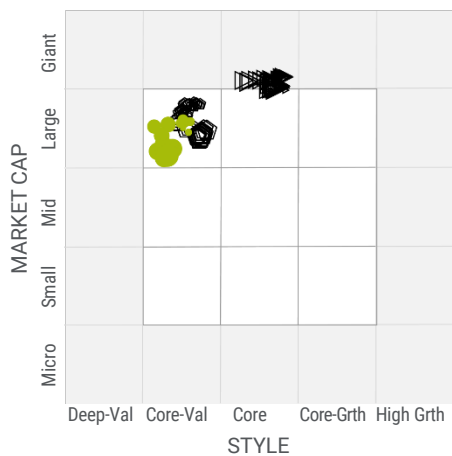
In 3 Indices  
 In 2 Indices  
 In 1 Index  
 Weight of Top 10

AS OF DECEMBER 31, 2021. Holdings subject to change.

The Brandes U.S. Value Equity Strategy has consistently applied a value investment approach, and has typically done well during strong value periods following the 2008 U.S. financial crisis.

**VALUE CONSISTENCY<sup>4</sup>**

Morningstar Holdings-Based Style Quarterly Time Series



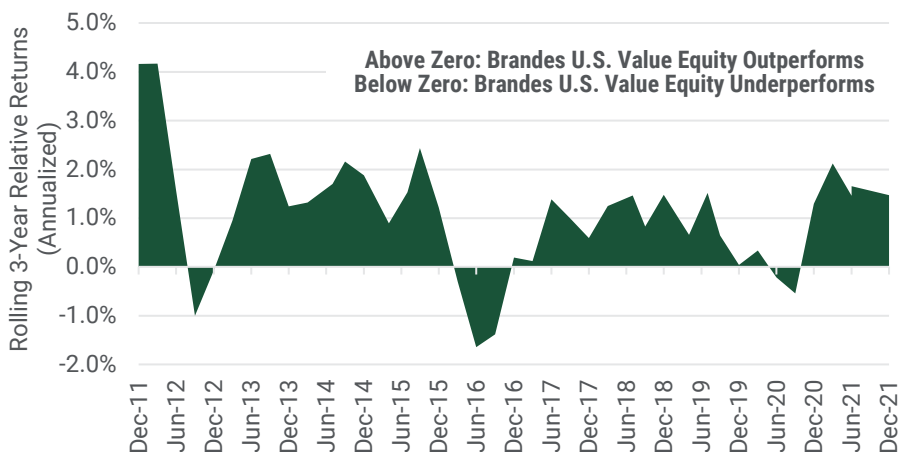
- Brandes U.S. Value Equity
- ⬢ Russell 1000 Value Index
- ▶ S&P 500

FOR THE 5 YEARS ENDING DEC 31, 2021

Annualized returns net of management fees as of 12/31/21	1-Year	5-Year	10-Year	Since Inception
U.S Value Equity	27.72%	12.68%	14.32%	9.44%
Russell 1000 Value	25.16%	11.16%	12.97%	10.40%

**BRANDES U.S. VALUE EQUITY VS. RUSSELL 1000 VALUE (SINCE FINANCIAL CRISIS)<sup>5</sup>**

Brandes U.S. Value Equity (Net) vs. Russell 1000 Value Index



Rolling Periods	# of Rolling Periods	U.S. Value Outperformed	U.S. Value Underperformed	% of Time Outperformed	Median Outperformance
Quarterly	52	33	19	63%	0.4%
1-Year	49	30	19	61%	0.6%
3-Year	41	34	7	83%	1.3%
5-Year	33	32	1	97%	0.8%
10-Year	13	13	0	100%	1.1%

DECEMBER 31, 2008 to DECEMBER 31, 2021. Net of management fees.

**Enterprise Value/Sales:** Enterprise value divided by annual sales. **Forward Price/Earnings:** Price per share divided by earnings per share expected over the next 12 months. **P/B - Price/Book:** Price per share divided by book value per share. **P/E - Price/Earnings:** Price per share divided by earnings per share. **P/CF - Price/Cash Flow:** Price per share divided by cash flow per share. **Enterprise Value:** Market capitalization plus debt, minority interest and preferred shares, minus total cash and cash equivalents. **Enterprise Value/Sales:** Enterprise value divided by annual sales. **Enterprise Value/Earnings Before Interest, Taxes, Depreciation, and Amortization:** EV per share divided by EBITDA per share. **Forward Price/Earnings:** Price per share divided by earnings per share expected over the next 12 months.

<sup>1</sup> Source: MSCI via FactSet, BLS. For the 10 years ending December 31, 1974 through December 31, 2021. Past performance is not a guarantee of future results. It is not possible to invest directly in an index. The declaration and payment of shareholder dividends are solely at the discretion of the issuer and are subject to change at any time.

<sup>2</sup> Source: Russell and MSCI via FactSet. The hypothetical examples are for illustrative purposes only. They do not represent the performance of any specific investments. Actual results will vary.

<sup>3</sup> Source: MSCI via FactSet. The portfolio characteristics shown relate to a single account as of date noted, deemed by Brandes to be generally representative of the strategy. Not every account will have these exact characteristics. The actual characteristics with respect to any particular account will vary based on a number of factors including but not limited to: (i) the size of the account; (ii) investment restrictions applicable to the account, if any; and (iii) market exigencies at the time of investment. Data is updated on a quarterly basis.

<sup>4</sup> Source: Morningstar Direct. Data icons reflect aggregate portfolio holdings at a specific quarter-end point with the more recent the holding period, the larger the icon.

<sup>5</sup> Source: Brandes, eVestment. It is possible for a composite to outperform its benchmark and still experience a negative return. Rolling periods represent a series of overlapping, smaller time periods within a single, longer-term time period. For example, over a 20-year period, there is one 20-year rolling period, eleven 10-year rolling periods, sixteen 5-year rolling periods, and so forth. For each period relative performance was calculated by subtracting the annualized 3-year returns of Russell 1000 Value from U.S. Value Equity.

**The S&P 500 Index** with gross dividends measures equity performance of 500 of the top companies in leading industries of the U.S. economy. **The Russell 1000 Index** with gross dividends measures the performance of the large cap segment of the U.S. equity universe. **The Russell 1000 Growth Index and the Russell 1000 Value Index** with gross dividends measure performance of the large cap growth and value segments of the U.S. equity universe. Securities are categorized as growth or value based on their relative book-to-price ratios, historical sales growth, and expected earnings growth. **The MSCI USA Index** measures the performance of the large and mid cap segments of the U.S. equity market. **The MSCI USA Value Index** captures large and mid cap US securities exhibiting overall value style characteristics defined using book value to price, 12-month forward earnings to price and dividend yield. **The MSCI USA Growth Index** captures large and mid cap securities exhibiting overall growth style characteristics in the US defined using long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend. **The MSCI USA Momentum Index** captures the performance of large and mid cap stocks in the MSCI USA Index which have high price momentum while maintaining reasonably high trading liquidity, investment capacity and moderate index turnover. **The MSCI USA Quality Index** captures the performance of mid and large cap quality growth stocks in the MSCI USA Index, defined by high returns on equity, stable year-over-year earnings growth and low financial leverage.

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**BRANDES INVESTMENT PARTNERS, L.P.**  
U.S. Value Equity Annual Performance Presentation  
As of December 31 Period End  
Reporting Currency: USD

Period	Annual Performance %				Composite Characteristics				Total Firm Assets \$ Millions	Annualized 3 Year Standard Deviation % (2)		
	Composite Gross*	Composite Net*	Benchmark (a)	Benchmark (b)	Assets \$Millions	Number of Accounts	Internal Dispersion (1)	Non-Fee Paying Accounts (%)		Composite Gross	Benchmark (a)	Benchmark (b)
2020	8.56	7.78	2.80	20.96	262	37	0.67	4	18,595	20.06	19.62	19.10
2019	23.53	22.77	26.54	31.43	264	39	1.03	3	21,451	12.09	11.85	12.05
2018	-5.64	-6.48	-8.27	-4.78	219	43	0.59	14	22,106	11.51	10.82	10.95
2017	15.60	14.92	13.66	21.69	238	55	0.41	14	25,578	10.31	10.20	9.97
2016	19.35	18.63	17.34	12.05	260	69	0.79	11	22,971	10.63	10.77	10.69
2015	-3.82	-4.36	-3.83	0.92	259	64	0.34	10	20,666	10.45	10.68	10.48
2014	14.19	13.45	13.45	13.24	352	76	0.47	8	20,722	9.73	9.20	9.12
2013	38.56	37.60	32.53	33.11	199	75	0.99	13	21,464	13.85	12.70	12.26
2012	19.40	18.54	17.51	16.42	115	67	0.46	18	22,171	17.06	15.51	15.40
2011	-0.29	-1.04	0.39	1.50	107	126	0.54	21	26,658	24.92	20.69	18.95

(1) The measure of dispersion is the asset-weighted standard deviation for annual period gross returns in USD of all portfolios in the composite for the full reporting period. Beginning in 2017, dispersion is not presented for periods with less than 2 accounts in the composite. Prior to 2017, dispersion is not presented for periods with less than 6 accounts in the composite.

(2) The three-year annualized ex-post standard deviation measures the variability of the monthly gross composite returns and the benchmark returns over the preceding 36-month period.

\* The net and gross annual returns, calculated in USD, presented for the Brandes U.S. Value Equity composite were calculated on a time-weighted and asset-weighted, total return basis, including reinvestment of all dividends, interest and income, realized and unrealized gains or losses and are net of brokerage commissions, execution costs, and any applicable foreign withholding taxes, without provision for federal and state income taxes, if any. Returns for some accounts in the composite reflect the deduction of a broker fee that includes transaction costs and may include advisory, custody, and other administrative fees.

Beginning January 1, 2018, Brandes Investment Partners includes Brandes Investment Partners, L.P., Brandes Investment Partners (Europe) Limited, Brandes Investment Partners (Asia) Pte Ltd. and the Brandes Investment Partners & Co. assets sub-advised by Brandes Investment Partners, L.P. For the period from 1/1/06-12/31/17 the SMA Division of Brandes was excluded from the GIPS firm definition. The firm was redefined to reflect the dissolution of the SMA Division and the firm bringing those former SMA Division assets into compliance with the GIPS Standards.

This composite was created in 1991. The inception date is 6/30/1991.

Prior to April 2014 accounts were removed from the composite when an account's market value falls below US\$50,000 due to capital withdrawals.

The Brandes U.S. Value Equity Composite seeks to provide long-term capital appreciation by investing primarily in the equity securities of U.S. issuers with equity market capitalizations that exceed \$5 billion at the time of purchase.

From 2010-2014 composite performance after management fee returns were determined by reducing the gross of fee returns monthly by the highest applicable fee schedule per account. From 2015-2018 composite performance after management fee returns were calculated using actual fees. Composite performance after management fee returns were determined by using the highest applicable fee schedule per account in January – September 2019. As of October 2019, actual fees are and using actual fees with the exception of select portfolios to which the applicable fee schedule was applied for the entire year to better reflect our typical management fees.

Standard fee schedule - First \$25 million 0.65%; Next \$25 million 0.55%; Next \$50 million 0.45%; Next \$50 million 0.40%; Amounts over \$150 million 0.35%. Brandes' investment advisory fees are detailed in Part 2A of its Form ADV.

Brandes claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Brandes has been independently verified for the annual periods 1995 through 2020.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The U.S. Value Equity Composite has had a performance examination for the periods 1992-2020. The verification and performance examination reports are available upon request.

A list of composite and limited distribution pooled fund descriptions, a list of broad distribution pooled funds, and policies for valuing investments, calculating performance, and preparing GIPS Reports, are available upon request. Contact client service at 800-237-7119 or write 4275 Executive Square, 5th Floor, La Jolla, California 92037, P.O. Box 919048, San Diego, California 92191-9048 or email ClientService@Brandes.com.

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In September 2021 the Brandes U.S. Value Equity composite benchmarks changed from the S&P 500 Index as primary benchmark and the Russell 1000 Value Index as secondary benchmark to the Russell 1000 Value Index as primary benchmark and the Russell 1000 Index as secondary benchmark effective back to the inception date of the composite. Brandes Investment Partners believes that the new benchmarks are better representative of the strategy's investment process and are therefore more suitable measurements for performance.

(a) The Russell 1000 Value Index with gross dividends measures performance of the large cap segment of the U.S. equity universe. Securities are categorized as growth or value based on their relative book-to-price ratios, historical sales growth, and expected earnings growth. The benchmark returns are not covered by the report of independent verifiers.

(b) The Russell 1000 Index with gross dividends measures the performance of the large cap segment of the U.S. equity universe. The benchmark returns are not covered by the report of independent verifiers.