

Brandes Emerging Markets Value Fund

FUND INFORMATION

Class I:	BEMIX
Class A:	BEMAX
Class C:	BEMCX
Class R6:	BEMRX

STRATEGY

The Fund seeks long-term capital appreciation by investing in equity securities of issuers in developing markets it believes are undervalued relative to their financial strength and upside potential.

TOP TEN HOLDINGS

(% of assets as of 6/30/2023)

Taiwan Semiconductor Manufacturing Co Ltd	5.21
Samsung Electronics Co Ltd	4.85
Alibaba Group Holding Ltd	3.94
Embraer SA	3.55
Fibra Uno Administracion SA de CV	3.15
Wiwynn Corp	2.84
Accton Technology Corp	2.69
Erste Group Bank AG	2.68
SK Hynix Inc	2.51
HDFC Bank Ltd	2.46

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

The Brandes Emerging Markets Value Fund returned 5.27% (Class I Shares), outperforming its benchmark, the MSCI Emerging Markets Index, which was up 0.90% in the quarter, and the MSCI Emerging Markets Value Index, which gained 2.53%.

Positive Contributors

Notable performers included holdings in electric utilities, specifically **Neoenergia** and **Enel Chile**.

Neoenergia reported robust results and announced the sale of a 50% stake in eight of its operational transmission lines for R\$1.2bn (Brazilian real) equity value, which was well received by the market. Meanwhile, Enel Chile continued its solid rebound in the quarter, driven by top-line growth in its generation business and increased gas sales.

Select information technology holdings appreciated, led by South Korea-based **SK Hynix** and **Samsung**, as well as Taiwanese-listed **Wiwynn**. Several bank positions also lifted returns, notably India-based **IndusInd Bank**, Indonesia's **Bank Rakyat Indonesia**, Austria-domiciled **Erste Group**, and Panamanian **Banco Latinoamericano de Comercio Exterior**.

Other meaningful contributors included Brazilian oil and gas firm **Petrobras**, Mexican cement company **Cemex**, and Panama-based airliner **Copa Holdings**.

Petrobras continued to pay out the majority of its free cash flow in dividends to shareholders, boosting investor optimism and its share price. Meanwhile, Cemex posted solid earnings and improving margins as inflation pressures started to subside.

Relative to the benchmark, the Fund's underweight to China helped performance.

Performance Detractors

Detractors included holdings in the consumer discretionary sector, including China-based **Alibaba** and **China Education Group**, Malaysia's **Genting Berhad**, and Hong Kong-based **Luk Fook Holdings**.

Alibaba declined on weaker-than-expected demand recovery in China. An announcement by its largest shareholder, Softbank, that it would sell the majority of its stake pressured the company's shares further. Following the share-price decline, Alibaba now trades at less than 10x forward earnings, a level that we think offers an attractive investment opportunity given the firm's competitive position and long-term growth prospects. Moreover, Alibaba still plans to split its business into six units, which may help crystallize value for some of its underappreciated assets.

Other detractors included South Korean personal care products company **LG H&H** and Latin American telecom **Millicom International Cellular**.

Earlier this year, Millicom disclosed it was in talks with Apollo Global Management and Claire Group about a potential private equity buyout. However, the company confirmed in June that the discussion about the sale had been terminated, while also issuing weaker-than-expected earnings guidance, causing the shares to drop.

Although our holdings in India generally performed well, our underweight to the country hurt performance relative to the MSCI Emerging Markets Index.

Select Activity in the Quarter

The emerging markets investment committee initiated positions in South African bank **Absa Group** and China-based **LONGi Green Energy Technology**.

LONGi is the world's largest integrated manufacturer of solar wafer and modules, with industry-leading profit margins. The company's key competency lies in wafer production, which accounts for the bulk of its profits. Integrated players sell their wafers after assembling them into finished modules, or in the case of LONGi, also via external sales to third-party module producers.

LONGi saw its share price halved over the past year due to both industry-wide and company-specific challenges. At the industry level, aggressive capacity expansion plans pose a threat of an oversupply, while elevated prices for polysilicon (a raw material for solar modules) have squeezed profits along the solar value chain. To a lesser extent, there has also been a concern that geopolitical issues, including trade barriers and strong policy support for solar panel manufacturers in the U.S., could result in market share losses for major Chinese players (note that the Americas segment, which includes sales to the U.S., accounted for about 7% of LONGi's sales in 2022). Specific to LONGi, the company's technological leadership was called into question after it lagged peers in deploying the latest solar cell technology and investors became worried that aggressive pricing by its main competitor in China's wafer duopoly market could potentially hurt LONGi's main profit engine.

We believe the current situation represents an opportunity for long-term oriented investors to purchase LONGi at a time when this industry leader has fallen out of favor. Previously considered a high-growth company, LONGi now trades at a valuation multiple that implies little to no growth, based on our analysis, and at a discount to most of its peers—despite having cost and technological leadership in a growing market. While we expect the industry to continue to be increasingly competitive and understand that any technological edge is likely short-lived, we believe LONGi is well positioned to remain competitive in the long term given its deep pool of resources and its core competency in wafer manufacturing.

Year-to-Date Briefing

The Brandes Emerging Markets Value Fund returned 14.61% (Class I Shares), outperforming its benchmark, the MSCI Emerging Markets Index, which returned 4.89% in the six months ended June 30, 2023, and the MSCI Emerging Markets Value Index, which was up 6.53%.

The strongest contributors were holdings in Mexico and Brazil, led by Cemex, regional jet manufacturer Embraer, and Petrobras. Mexican real estate investment trusts **Fibra Uno** and **Terrafina** also aided returns. From a sector standpoint, the Fund benefited from holdings in information technology, materials and utilities.

Notable detractors were primarily holdings in consumer staples and consumer discretionary, including China-based **TravelSky Technology** and China Education Group, as well as South Korean LG H&H.

Current Positioning

As of June 30, 2023, the Brandes Emerging Markets Value Fund held large overweights to real estate (outside China), utilities, and consumer discretionary, while maintaining key underweights to materials and energy. Geographically, the Fund remained underweight China, although Chinese companies made up our largest country allocation. We also continued to be underweight India, Saudi Arabia, and Taiwan, while having significant overweights to companies in Mexico, Brazil, and Panama.

A variety of concerns continue to face emerging markets stocks, including elevated inflation, worries about slowing economic growth or recession, and political as well as regulatory uncertainties. Despite these challenges, the asset class (MSCI EM) posted solid returns over the last nine months, highlighting our belief that often when the market is the most negative, it can be a great time to invest.

While high-level valuations may not be as attractive as they were at the beginning of the year, emerging markets equities continue to represent, in our opinion, fertile ground for fundamentally solid businesses trading at a discount to their estimated intrinsic values. Within the asset class, value stocks (MSCI EM Value) continue to trade in the highest decile of discount levels to the broader market (MSCI EM) on a variety of valuation metrics, including forward price/earnings, price/cash flows, and enterprise value/sales. We are optimistic about the potential of value stocks in general and believe the Brandes Emerging Markets Value Fund remains well positioned from a long-term risk/reward perspective.

Average Annual Total Returns (%) as of June 30, 2023

Without Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 8/20/1996
Class I	5.27	14.61	19.79	7.08	0.47	1.76	6.11
Class A	5.17	14.41	19.37	6.85	0.24	1.51	5.88
Class C	5.09	14.13	18.51	6.26	-0.39	0.96	0.00
Class R6	5.26	14.68	19.84	7.19	0.59	1.87	6.20
With Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 8/20/1996 ¹
Class A	-0.88	7.83	12.51	4.76	-0.94	0.91	5.66
Class C	4.09	13.13	17.51	6.26	-0.39	0.96	--
MSCI Emerging Markets Index	0.90	4.89	1.75	2.32	0.93	2.95	5.26
MSCI Emerging Markets Value Index	2.53	6.53	4.13	6.27	1.22	1.99	--

Operating Expenses: Class I: 1.14% (gross), 1.12% (net) Class A: 1.33% (gross), 1.33% (net) Class C: 2.08% (gross), 2.08% (net) Class R6: 1.08% (gross), 0.97% (net)

¹ Fund inception predates MSCI Emerging Markets Value Index inception.

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.

Prior to January 31, 2011, the Fund was a private investment fund managed by the Advisor with policies, guidelines and restrictions that were, in all material respects, equivalent to those of the Fund. Class A and Class I shares commenced operations on January 31, 2011, while Class C shares commenced operations on January 31, 2013. 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.) The Class I performance information shown for periods prior to January 31, 2011 is that of the private investment fund managed by the Advisor that is the predecessor of the Fund not adjusted for Fund expenses. Performance shown prior to January 31, 2011, for Class A shares reflects the performance of the private investment fund restated to reflect Class A sales loads and expenses. Performance shown prior to the inception of Class C shares reflects the performance of the private investment fund for periods prior to January 31, 2011 and the performance of Class I shares for the period from February 1, 2011 to January 30, 2013 restated to reflect Class C expenses. The Class C shares' average annual total return for the 10-year period assumes that Class C shares automatically converted to Class A shares 8 years after the start of the period. The Class C shares' average annual total return for the since inception period cannot be calculated as the Class A shares had not been launched as of 8/20/2004, 8 years after the inception date of the Brandes Emerging Markets Value Fund. Class R6 shares commenced operations on July 11, 2016. Performance shown prior to the inception of Class R6 shares reflects the performance of Class I shares.

The Advisor has contractually agreed to limit the operating expenses through January 28, 2024. 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.

Enterprise Value: Market capitalization plus debt, minority interest and preferred shares, minus total cash and cash equivalents.

Enterprise Value/Sales: Compares the enterprise value of a company to its annual sales.

Forward Price/Earnings: Price per share divided by earnings per share expected over the next 12 months or next fiscal year.

Free Cash Flow: Total cash flow from operations less capital expenditures.

Profit Margin: Net income divided by revenues.

Price/Cash Flows: Price per share divided by cash flow per share.

The MSCI Emerging Markets Index with net dividends captures large and mid cap representation of emerging market countries. Data prior to 2001 is gross dividend and linked to the net dividend returns.

The MSCI Emerging Markets Value Index with gross dividends captures large and mid cap securities 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. In addition, the performance of foreign securities depends on the political and economic environments and other overall economic conditions in the countries where the Fund invests. Emerging country markets involve greater risk and volatility than more developed markets. Some emerging markets countries may have fixed or managed currencies that are not free-floating against the U.S. dollar. Certain of these currencies have experienced, and may experience in the future, substantial fluctuations or a steady devaluation relative to the U.S. dollar. Investments in small and medium capitalization companies tend to have limited liquidity and greater price volatility than large capitalization companies. Growth stocks typically are more volatile than value stocks; however, value stocks have a lower expected growth rate in earnings and sales.

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.brandes.com/funds. Read carefully before investing.

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