

Brandes Global Equity Fund

FUND INFORMATION

Class I:	BGVIX
Class A:	BGEAX
Class C:	BGVCX

STRATEGY

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

TOP TEN HOLDINGS

(% of assets as of 12/31/2023)

UBS Group AG	2.99
Rolls-Royce Holdings PLC	2.93
Wells Fargo & Co	2.74
Shell PLC	2.44
Erste Group Bank AG	2.41
Sanofi SA	2.39
GSK PLC	2.38
TotalEnergies SE	2.36
McKesson Corp	2.22
Publicis Groupe SA	2.17

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

The Brandes Global Equity Fund rose 11.46% (Class I Shares), performing in line with its benchmark, the MSCI World Index, which gained 11.42% in the quarter, while outperforming the MSCI World Value Index, which increased 9.30%.

Positive Contributors

Performance was bolstered by a variety of financials-related holdings. The leading performers were primarily U.S.-based banks, namely **PNC Financial**, **Citigroup**, **Bank of America**, and **Wells Fargo**. Switzerland-based wealth management firm **UBS** also continued its solid performance and saw its stock price rise.

Despite a challenging start to 2023, the financials sector emerged as one of the strongest performers during the quarter, driven partly by market optimism around a soft economic landing. Our holdings did even better than those in the benchmark. Even though long-term bond yields declined, banks continued to benefit from improving net interest margins and the positive impact of lower interest rates on capital levels.

Other significant contributors included our holdings in the aerospace industry, specifically **Rolls Royce** and **Embraer**. Both companies saw a resurgence of demand in their commercial aerospace end-markets.

Additionally, **Micron Technology**, a firm specializing in memory semiconductors, appreciated as the market continued to anticipate a rebound in the semiconductor industry.

Performance Detractors

Although the overall market rose, a few holdings declined. The most significant detractors were energy-related companies, as the energy sector was the only one to drop within the benchmark. **Halliburton**, an oil service company, as well as integrated oil company **BP**, sustained share-price declines on the back of oil-price weakness.

Other detractors included logistics company **FedEx**, internet retailer **Alibaba**, and pharmaceutical firms **Pfizer** and **Sanofi**.

FedEx, while still up meaningfully for the year, fell after reporting results and guidance weaker than consensus estimates at the end of the quarter. Meanwhile, Alibaba declined after announcing that it would scrap its plan to carve out its cloud computing unit.

Pfizer's stock dropped as the market continued to express concern over the decrease in its COVID-related revenue and near-term growth prospects. Nevertheless, we believe the company represents an appealing long-term risk/reward tradeoff given its broad product portfolio and significant investments in research and development (R&D). We took advantage of the share-price reduction to increase our allocation.

Sanofi saw its share price decline after announcing a significant R&D investment increase in its late-stage drug pipeline, which we expect to affect its near-term financial results. However, taking a long-term view, we believe that the discount has been overly punitive. Sanofi's shares now trade at a low double-digit multiple of what appears to us as trough-level earnings, thus offering an attractive opportunity over a longer time horizon.

The Fund's underweight position in the technology sector also had a negative impact on relative returns.

Select Activity in the Quarter

The investment committee initiated new positions in U.K.-based health care equipment company **Smith & Nephew** and U.S.-based agricultural sciences company **Corteva**.

Smith & Nephew, a global leader in medical devices, specializes in orthopedics (including knee and hip replacements), sports medicine, ENT (ear, nose, and throat), and wound care. Over the past three years, the company's shares have been under pressure as many elective but crucial medical procedures, such as knee and hip replacement surgeries, were delayed due to the COVID-19 pandemic. More recently, Smith & Nephew has also faced inflation challenges in its supply chain, which will likely impact its near-term margins.

Nevertheless, we see the company as an appealing investment opportunity. We believe it is well positioned for a recovery in demand for elective procedures. Moreover, long-term trends, such as an aging population and rising obesity rates, are expected to increase the need for orthopedic procedures. Orthopedic devices and sports medicine technology have relatively high switching costs due to the surgeons' learning curve with these devices, helping manufacturers such as Smith & Nephew retain their market shares. We also appreciate Smith & Nephew's growing presence in emerging markets. Furthermore, our analysis shows that the company has a solid balance sheet and history of generating free cash flow to support its dividend and share repurchases, which could provide downside protection in a weaker economic environment.

Corteva, a leading company in seed and crop protection solutions, was established through the merger of Dow and DuPont's agricultural businesses and became a public entity in 2019.

Second only to Bayer's Monsanto in terms of market share, Corteva is, in our opinion, well equipped to close the innovation and margin gap with its biggest rival. We believe the company can benefit from the complementary assets of Dow and DuPont. Before the merger, Dow lacked scale and a route to market but was strong in developing seed traits, while DuPont boasted a large distribution network and a competitive advantage in germplasm (the main determinant of crop yield potential).

We appreciate Corteva's solid balance sheet, attractive product pipeline with multi-year margin improvement potential, and exposure to secular growth over many years. Additionally, the seeds and crop protection industry has enjoyed long-term increasing demand resulting from population growth and higher protein consumption per capita.

Corteva's stock price traded down this year amid concerns about industry inventory destocking (i.e., reducing excess inventory) following profit warnings from other agriculture-related companies. This gave us an opportunity to buy at what we viewed as a compelling discount to our estimate of the company's intrinsic value. Moreover, we believe that holding Corteva improves the portfolio's diversification because the company's earnings tend to be less cyclical and uncorrelated with overall economic growth.

The investment committee divested its investments in several companies when they reached our estimates of intrinsic value, namely two French holdings—integrated multi-utility **Engie** and electrical equipment company **Schneider Electric**— and Italy-based integrated oil company **ENI**.

We first bought shares in Schneider when its growth was lagging. The market was uneasy about its integration of acquisitions and questioned its capital allocation decisions. This led the company to trade at what we considered an attractive valuation. We were drawn to Schneider's strong competitive position and exposure to attractive long-term secular trends, such as electrification, energy efficiency and automation. Over our holding period, Schneider Electric's growth and profit exceeded consensus expectations. This prompted an expansion in its valuation, and the shares reached our estimate of intrinsic value.

Engie has benefited from a tight energy market in Europe due to the ongoing Russia/Ukraine war, while also recovering from disruptions caused by COVID-19. Unlike many of its utility peers that have been negatively impacted by higher interest rates and inflation, Engie has enjoyed solid earnings, partly because it has inflation-indexed revenue and long-duration fixed-rate debt financing. Additionally, the company has successfully completed its asset divestment program. With its share price reaching our estimate of intrinsic value, we decided to divest our position in Engie.

Year-to-Date Briefing

The Brandes Global Equity Fund rose 21.68% (Class I Shares), underperforming its benchmark, the MSCI World Index, which climbed 23.79% for the year ended December 31, 2023, but outperforming the MSCI World Value Index, which appreciated 11.51%.

While 2023 was the second-worst year for value relative to the broad and growth indices (MSCI World Value vs. MSCI World and MSCI World Growth) since the inception of the growth and value indices, the performance of the "Magnificent 7" in the U.S. (Apple, Microsoft, Alphabet, Meta, Nvidia, Amazon, and Tesla) has driven over 40% of broad and growth index returns.

Consequently, the biggest drag on performance was our underweight to the technology sector and technology-related companies in the communication services and consumer discretionary sectors. This has primarily been a U.S.-dominated phenomenon because outside the U.S., value stocks have outperformed the broader market this year (MSCI EAFE Value vs. MSCI EAFE). It is therefore not surprising that our best-performing holdings were largely those domiciled outside the United States as well.

The biggest contributors to our relative returns were our holdings in the industrials and materials sectors, led by aerospace-related firms Rolls-Royce and Embraer, as well as construction materials company **Heidelberg Materials**. Other contributors included UBS as it integrated its acquisition of Credit Suisse, as well as advertising agency **Publicis** and Mexican real estate company **Fibra Uno**. Leading performers in the U.S. included semiconductor-related companies Micron Technology and **Applied Materials**, as well as the previously mentioned FedEx.

The main detractors have primarily been U.S.-based holdings, notably health care companies Pfizer, **Cigna Group**, and **CVS Health**. U.K.-based tobacco firm **Imperial Brands** and China-based internet retailer Alibaba also declined.

Current Positioning

As of December 31, the Brandes Global Equity Fund held its key positions in the economically sensitive financials and the more defensive health care sector. The Fund's largest sector underweight was to the technology sector, which given its price appreciation this year, rose above a 20% allocation in the MSCI World Index. The Fund's allocation to that sector was below half the benchmark weighting at quarter end.

Geographically, we continued to hold overweight positions in the United Kingdom, France, and emerging markets, but were underweight in the United States and Japan.

Within the benchmark there has been wide dispersion of sector performance with technology-related companies in the technology, communication services and consumer discretionary sectors notably outperforming the broad index, while more defensive areas—such as consumer staples, utilities, and health care—underperformed materially.

As a result, we have largely found new value opportunities within both the consumer staples and health care sectors; our relative weight has increased, although we are still slightly underweight in consumer staples. Our technology weight has increased due to price appreciation, but we have pared some of our holdings. Consequently, our relative

underweight has increased given the significant increase in the benchmark allocation after the performance of the sector this year.

We believe that the current fundamentals of the Fund's holdings bode well for the long term. As of December 31, 2023, the Brandes Global Equity Fund traded at more compelling valuation levels than the benchmark, in our opinion, and its holdings in aggregate have stronger balance sheets than those that compose the MSCI World and MSCI World Value Indices, as highlighted by metrics such as net debt to EBITDA (earnings before interest, taxes, depreciation, and amortization).

In the face of a challenging year for value compared to growth (MSCI World Value vs. MSCI World Growth), we maintain an optimistic outlook for 2024 and beyond. Following the performance of the growth index, primarily fueled by a handful of tech-related names, value stocks now trade in the least expensive quintile relative to growth since the inception of the style indices. This is evident across various valuation measures, including price/earnings, price/cash flow, and enterprise value/sales. Historically, such valuation divergences often signaled attractive subsequent returns for value stocks. Looking to the past, value underperformed growth in 1999 as well as 2020, two periods that were characterized by significant concentration in the broad market's allocation and performance, a trend similar to the market dynamics we've observed in 2023. Both of these periods were followed by solid returns for value relative to the broad market and to the growth index over the subsequent two years.

Importantly, the Fund, guided by our value philosophy and process, has had the tendency to outperform the value index when it outperformed the benchmark. We believe the Fund is an excellent complement and diversifier to passive and growth-oriented strategies that may have become more concentrated this year given the performance of the Magnificent 7. Going forward, we remain optimistic about the long-term prospects of the Fund's holdings.

Average Annual Total Returns (%) as of December 31, 2023

Without Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 10/6/2008
Class I	11.46	21.68	21.68	11.52	10.67	6.31	7.50
Class A	11.44	21.38	21.38	11.26	10.41	6.05	7.25
Class C	11.19	20.49	20.49	10.43	9.58	5.41	6.81
With Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 10/6/2008
Class A	5.04	14.40	14.40	9.08	9.11	5.42	6.83
Class C	10.19	19.49	19.49	10.43	9.58	5.41	6.81
MSCI World Index	11.42	23.79	23.79	7.27	12.80	8.60	9.45
MSCI World Value Index	9.30	11.51	11.51	8.33	8.87	5.88	7.24

Operating Expenses: Class I: 1.22% (gross), 1.00% (net) Class A: 1.42% (gross), 1.25% (net) Class C: 2.17% (gross), 2.00% (net)

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.

Class I shares commenced operations on October 6, 2008. Class A shares commenced operations on January 31, 2011, but 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.) Performance shown prior to January 31, 2011 for Class A shares reflects the performance of Class I shares restated to reflect Class A sales loads and expenses. Class C shares commenced operations on January 31, 2013. Performance shown prior to the inception of Class C shares reflects the performance of Class I shares restated to reflect Class C expenses. The Class C shares' average annual total return for the 10-year and since inception periods assumes that Class C shares automatically converted to Class A shares 8 years after the start of the period.

The Advisor has contractually agreed to limit the operating expenses through January 28, 2025. 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.

Term definitions: <https://www.brandes.com/termdefinitions>

The MSCI EAFE Index with net dividends captures large and mid cap representation of developed market countries excluding the U.S. and Canada.

The MSCI EAFE Value Index with gross dividends captures large and mid cap securities across developed market countries, excluding the United States and Canada, exhibiting value style characteristics, defined using book value to price, 12-month forward earnings to price, and dividend yield.

The MSCI World Growth Index with gross dividends captures large and mid cap securities across developed market countries exhibiting growth style characteristics, defined using long-term forward earnings per share (EPS) growth rate, short-term forward EPS growth rate, current internal growth rate, long-term historical EPS growth trend, and long-term historical sales per share growth trend.

The MSCI World Index with net dividends captures large and mid cap representation of developed markets.

The MSCI World Value Index with gross dividends captures large and mid cap securities across developed market countries 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. 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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