Brandes Global Equity Fund

FUND INFORMATION

Class	Ticker
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 6/30/2022)

Holding	%
UBS Group AG	2.97
Cigna Corp	2.88
GSK PLC	2.79
Sanofi	2.70
Merck & Co Inc	2.66
Pfizer Inc	2.64
Alibaba Group Holding Ltd	2.55
TotalEnergies SE	2.38
Wells Fargo & Co	2.35
Citigroup Inc	2.18

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

The Brandes Global Equity Fund declined 9.66% (Class I Shares), outperforming its benchmark, the MSCI World Index, which fell 16.19% in the second quarter, and the MSCI World Value Index, which declined 11.59%.

Positive Contributors

Amid the strong relative performance for value stocks, holdings across a variety of sectors held up well, led by those in energy and health care.

A continued rise in energy prices benefited our oil-related holdings, including integrated oil firms **TotalEnergies**, **Repsol**, and **BP**, which all held up better than the overall index.

Several of our health care-related holdings also held up well during the declining market, including **Merck**, **Cigna**, **McKesson**, **Sanofi** and **GSK**. Sanofi and GSK are increasing their focus on their core pharmaceutical businesses as during the quarter, Sanofi spun out its ingredients business, and in the third quarter GSK will be spinning off its consumer health business.

Other contributors included Chinese internet company **Alibaba**, which benefited from lessening concerns about government regulation, and tobacco company **Imperial Brands**.

Performance Detractors

A variety of concerns led to market declines, from geopolitical risks to inflation, as well as concerns around future economic growth. As a result, more cyclically oriented companies were some of the weakest performers, along with technology-related companies, which continued to see their valuations compress amid rising interest rates.

Our largest detractors included several of our financial holdings as well as some other more cyclically exposed holdings. Advertising agencies **WPP** and **Publicis** saw their share prices decline amid concerns around future advertising spending. While many financials should benefit from a rise in interest rates, the sector declined in the quarter given growing concerns about economic growth and future credit losses. Our financial holdings which detracted the most included Austrian bank **Erste Group Bank**, U.S. trust bank **State Street**, and **Bank of America**.

Other holdings that declined included Brazilian jet manufacturer **Embraer**, South Korean technology company **Samsung**, and U.S.-based hospital operator **HCA Healthcare**, which declined on concerns around rising labor costs impacting the company's profitability.

Select Activity in the Quarter

Portfolio activity picked up towards the end of the quarter as the broad market continued its year-to-date decline. The investment committee initiated positions in several companies, including software company **SAP** and semiconductor equipment company **Applied Materials**, as well as industrial company **Rolls-Royce**. The investment committee also sold our position in **Change Healthcare** as its acquisition by United Health remains pending, and given the market decline, we found more attractive investment opportunities elsewhere.

SAP is a leader in enterprise resource planning (ERP) software, which includes applications for payroll, procurement, finance, manufacturing, and operations. We believe enterprise software is an attractive industry with high switching cost, low capital intensity and robust returns on equity. SAP has historically traded at a premium relative to the broad market, largely due to its dominant position in an appealing growth industry, and the scarcity of technology-related investment opportunities in Europe relative to the United States. However, because SAP's ERP software was heavily customized and difficult to upgrade, its growth rate lagged that of many of its peers, leading the company to turn to acquisitions for growth. SAP has delivered disappointing earnings as it tried to balance integrating its acquisitions with moving its applications to the cloud, both of which have proven challenging for the company. As a result, its share price recently dropped near a five-year low, making the company more attractive to us.

Although SAP may still deliver subdued financial results in the short term, we believe its business strategy, combined with its recent record of execution, positions it well for the long term, which is the investment horizon for us. Its strong focus on cloud migration corresponds well with enterprise customers' urgent need to improve the flexibility and agility of their enterprise application software as they grappled with the pandemic-triggered disruptions and uncertainties over the past two years. Its effort to offer a fully integrated technology solution should serve well as the foundation for both SAP's organically developed software and acquired software. This, in turn, should enable SAP to revive its organic growth rate as it will be easier for customers to buy and implement additional software modules, which was the not the case with on-premise software. Even though its short-term financial results may be depressed due to frontloaded expenses associated with both efforts (integration and cloud migration), we believe these projects will help SAP achieve organic growth that should benefit its operating leverage and profitability over the longer term. We have seen this happen with other enterprise software firms that have gone through similar multi-year transitional periods. As such, at its current valuation, SAP represents a compelling long-term risk/reward tradeoff to us.

Rolls-Royce is a U.K.-based conglomerate with a focus on the aerospace and defense industry. The company primarily designs, manufactures and services engines and turbines used in aircraft, ships, and power generators.

Rolls-Royce has struggled for several years, despite what has been a robust civilian aviation market pre-pandemic. The company appears to have made a strategic misstep in exiting the narrow-body engine market in 2012, a market that proved to be more stable and better growing than the wide-body market it strategically focused on. Additionally, Rolls-Royce's newly designed Trent 1000 engine experienced premature wear, forcing the company to spend significant capital to fix the issue in 2017.

Rolls-Royce seemed to have overcome these challenges in 2019 when its revenue and profitability improved. However, the impact of COVID-19 the following year severely hit Rolls-Royce's business. Lower utilization of aircraft weighed on demand and uncharacteristically caused a steep fall in the company's maintenance business, which tended to be more profitable than its manufacturing business. Cash-flow burn in 2020 forced Rolls-Royce to issue over $2 billion in equity and divest some non-core businesses. More recently, lingering pandemic concerns, high fuel prices and the risk of a recession in major economies have further hurt investor sentiment. The combination of strategic missteps, the unfortunate timing of a pandemic-triggered moratorium on travel and a potentially weak economic environment led Rolls-Royce's share price to drop to less than one-tenth of its 2019-high.

While we acknowledge the near-term future appears bleak for Rolls-Royce, we believe there are reasons for longer-term optimism. In our opinion, cash-flow characteristics in the next downturn should be better as the company can release working capital to cushion any slowdown in orders. We also think that the service business should continue to recover as pandemic restrictions ease and aircraft utilization increases. Even a recessionary level of activity in the service business would be an improvement over the past couple of years. When activity potentially picks up again, Rolls-Royce is poised, in our view, to resume its duopoly position in an industry with high barriers to entry and should benefit from the next aerospace cycle. Overall, Rolls-Royce's current market valuations are attractive enough for us to take the near-term cyclical risk and initiate a measured allocation to the company.

Year-to-Date Briefing

The Brandes Global Equity Fund declined 12.55% (Class I Shares), outperforming its benchmark, the MSCI World Index, which fell 20.51% in the six months ended June 30, 2022, and performing in line with the MSCI World Value Index, which declined 12.16%.

Global markets have declined amid concerns around inflation and around a slowdown in economic growth. As interest rates have risen, technology-related companies have been the worst performers in the index, along with some cyclically oriented companies given the increasing concerns around economic growth. At the same time, companies in more defensive sectors and commodity-oriented companies have performed relatively well. Value stocks in general have also held up relatively well in a down market.

Our strong relative performance has benefited from our value exposure as well as our overweights to the energy and health care sectors, while our underweight to technology-related companies has helped as well. Our largest detractor from returns has been our financials exposure as our holdings have declined roughly in line with the broader market.

Individual contributors and detractors for the year largely lined up with those for the quarter mentioned above.

Current Positioning

Amid a declining overall market, value stocks (MSCI World Value Index) outperformed the broader market (MSCI World Index) noticeably for the year as rising inflation and interest rates caused the valuations of many high-flying growth companies to compress. Geopolitical developments have exacerbated inflationary trends and increased worries about a slowdown in growth, raising the potential for a “stagflationary” environment (low economic growth *and* elevated inflation).

In theory, weaker growth may be a headwind for value stocks all else being equal. However, as we have mentioned in previous notes, two of the best periods for value versus growth have occurred during stagflationary environments. The common factors of these two periods resulting in highly favorable value environments were: markets were in a state of elevated valuations *and* the spread between value and growth was at historically wide levels. The tailwinds for value that were driving relative returns earlier this year still appear evident to us. While valuation spreads between value and growth have started to compress from the historically wide gap at the start of the year, they remain among the widest quintile in history, and we therefore continue to be optimistic about the potential returns for value stocks.

From an industry/sector standpoint, the Fund’s largest relative overweight positions remained in three main areas. These are: the economically sensitive financials and energy sector and the more defensive, but (from our perspective) meaningfully undervalued, health care sector. As energy stocks have performed well, our relative overweight versus the MSCI World Index has declined slightly as we have pared some of our exposure while it has become a bigger part of the index.

Our most significant underweight remains in the technology sector. However, that gap has narrowed somewhat as we have added to a number of our holdings and initiated a position in SAP as mentioned above, while the underperformance of the sector has led to it being a smaller part of the index. The decline in market valuations globally has helped expand our opportunity set as some companies within the technology sector or other cyclically oriented areas are starting to look more attractive.

Looking ahead for the remainder of this year and beyond, we remain optimistic about the prospects for the Global Equity Fund given its history of outperforming the MSCI World Value Index during periods of strong value performance and the current valuation discounts of value stocks to the market in general. In our opinion, this could bode well for future returns.

We believe the differences between our portfolio and the broader market continue to make the Fund an intelligent complement to index-tracking or growth-oriented alternatives. We remain excited about the Fund’s potential, and we thank you for the trust you have placed in us.

Average Annual Total Returns (%) as of June 30, 2022							
Without Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 10/6/2008
Class I	-9.66	-12.55	-10.57	5.34	4.02	7.08	6.25
Class A	-9.74	-12.67	-10.82	5.07	3.76	6.81	6.00
Class C	-9.91	-13.00	-11.47	4.29	2.98	6.18	5.53
With Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 10/6/2008
Class A	-14.93	-17.70	-15.95	3.01	2.53	6.18	5.55
Class C	-10.80	-13.86	-12.32	4.29	2.98	6.18	5.53
MSCI World Index	-16.19	-20.51	-14.34	7.00	7.67	9.51	8.60
MSCI World Value Index	-11.59	-12.16	-6.63	4.52	4.67	7.62	6.73

Operating Expenses: Class I: 1.21% (gross), 1.00% (net) Class A: 1.41% (gross), 1.25% (net) Class C: 2.16% (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, 2023. 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.

Cash Flow: The amount of cash generated minus the amount of cash used by a company in a given period.
Cyclically Oriented Companies: Those following the cycles of an economy through expansion, peak, recession and recovery, including companies that sell items that consumers buy more during a booming economy but spend less on during a recession.
Return on Equity: Net income divided by shareholder's equity.
Working Capital: Current assets minus current liabilities; a measure of a company's efficiency and short-term financial health.

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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Diversification does not assure a profit or protect against a loss in a declining market.

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. Diversification does not assure a profit or protect against a loss in a declining market. It is not possible to invest directly in an index.

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.brandesfunds.com. Read carefully before investing.

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