Brandes International Equity Fund

FUND INFORMATION

Class I:	BIIEX
Class A:	BIEAX
Class C:	BIECX
Class R6:	BIERX

STRATEGY

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

TOP TEN HOLDINGS

(% of assets as of 3/31/2023)

Takeda Pharmaceutical Co Ltd	3.87
HeidelbergCement AG	2.63
Alibaba Group Holding Ltd	2.59
Sanofi	2.56
SAP SE	2.53
Rolls-Royce Holdings PLC	2.52
Embraer SA	2.48
Novartis AG	2.42
Swatch Group AG	2.37
GSK PLC	2.29

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

The Brandes International Equity Fund rose 11.00% (Class I Shares), outperforming its benchmark, the MSCI EAFE Index, which increased 8.47% in the first quarter, and the MSCI EAFE Value Index, which rose 5.93%.

Positive Contributors

The Fund outperformed despite value's underperformance, led by a variety of cyclical holdings in the aerospace and defense and construction materials industries, as well as defensively oriented holdings in the consumer staples sector.

U.K-based **Rolls-Royce** continued to recover from the downturn in demand for long-haul air travel. The company posted improved operating results and has been awarded with new contracts over the last several months, strengthening expectations for free-cash-flow generation.

Similarly, Brazilian regional jet manufacturer **Embraer** remained on track in its post-COVID rebound, with deliveries for business and commercial jets continuing to increase. Additionally, one of its competitors announced it had officially shut down its next-generation commercial regional jet program, which could leave Embraer to be the primary supplier in this market.

Our construction materials holdings in Europe and emerging markets—namely Germany-based **HeidelbergCement**, Italian **Buzzi Unicem**, and Mexico's **Cemex**—aided returns. Other more cyclically geared holdings also increased, including advertising agencies **WPP** and **Publicis**. Moreover, all of our European grocer and retail holdings lifted performance, led by U.K.-based **J Sainsbury**, **Marks and Spencer**, and **Tesco**, as well as France-based **Carrefour**, which announced improved earnings and a significant share repurchase program.

Performance Detractors

Several of our health care and financials holdings weighed on performance.

The most significant detractor was Switzerland-based **Credit Suisse**, which declined as customer outflows led to a forced discounted takeover by its competitor **UBS** (also a holding in the Fund's portfolio). See more details in the *Select Activity* section below as we divested our holding in the quarter.

Beyond Credit Suisse, other detractors declined modestly. These included Dutch insurer **Aegon** and South Korean tobacco company **KT&G**, as well as health care holdings **Grifols** (Spain) and **Fresenius** (Germany).

Biotechnology firm Grifols saw its share price hit by the resignation of its chairman and weak earnings guidance for the year. Collection facilities build-out over the last few years has continued to impact Grifols and stretched its balance sheet, while lower blood-plasma collection volumes due to COVID has suppressed its earnings. Although collection volumes have continued to recover, given that plasma products require a six-month quarantine, it takes a while for the improvement to be reflected in financial results. Recently, Grifols announced new cost-cutting initiatives, and we continue to believe the company offers an attractive long-term opportunity considering the importance of its plasma-derived products to treat a variety of medical conditions.

Select Activity in the Quarter

The investment committee initiated a position in Japan-based industrial company **Makita**.

Makita is a global supplier of power tools with a focus on the professional segment. Europe represents Makita's biggest market, accounting for nearly 50% of sales, followed by Japan, North America, and Asia ex-Japan. About one third of the company's revenue comes from emerging markets.

Makita's shares have lagged the broader market (MSCI EAFE) this past year as its profit margins have declined due to higher input costs, heavy depreciation, and bloated inventory. The relatively weak euro and the strong U.S. dollar, as well as the wind-down of its Russian operations have hurt the company's sales. Meanwhile, a recent large capital expenditure (capex) program, which should be nearing completion, has hampered its free cash flows. Although these issues negatively impact near-term results, the investment committee believes that over the long term, Makita is well positioned to strengthen its profit margins through a potential recovery in sales volume, higher pricing to reflect the input costs, improved inventory management, and reduced capex. At its current price, the stock offers, in our opinion, a great opportunity to invest in a solid global franchise with a strong balance sheet, healthy historical returns on capital, and a structurally growing market. Acknowledging there may be operational hiccups along the way and demand may decrease amid a global economic slowdown, our initial investment allocation is on the conservative end with the potential to increase over time.

As mentioned, we divested our position in Credit Suisse. Among our European financials holdings, we had a relatively low allocation to Credit Suisse given its much higher risk profile as it was undergoing a significant restructuring and had seen client outflows during the fourth quarter of 2022. We had maintained a small position in the company as we believed its wealth management and domestic Swiss bank franchises were potentially significantly undervalued, and with the company trading at approximately 20% of tangible book value, the market appeared to be giving little to no credit for a potential recovery.

During the quarter, as concerns of a banking crisis in the U.S. increased, Credit Suisse saw its share price drop due to its weaker position relative to other European banks. A comment from its largest shareholder exacerbated an already nervous market, causing Credit Suisse's share-price decline and client deposit outflows to snowball. While the company's capital levels and liquidity appeared solid, the intensified market dynamics and the deep restructuring the company has been undergoing left minimal margin for error at Credit Suisse, eventually leading to a decision by the Swiss National Bank and the Swiss regulatory agency to broker a takeover of the company by UBS at a significant discount in order to quell the panic.

As the Brandes International Equity Fund already held an allocation to UBS and given that it seemed Credit Suisse would not have been able to survive on its own due the client outflows, the investment committee decided to divest its position in Credit Suisse. We will continue to monitor the situation closely as events unfold and details of the takeover emerge but given some of the attractive assets at Credit Suisse, combined with the liquidity and loss support from the Swiss government, we believe this transaction should likely be favorable for UBS in the long term.

Current Positioning

As of March 31, 2023, the Brandes International Equity Fund continued to have overweight positions in France and emerging markets, and underweight positions in Australia and Japan. From a sector perspective, it held key overweights to communication services, health care, and consumer staples, while maintaining meaningful underweights to technology and industrials.

Additionally, we have a underweight to financials vs. MSCI EAFE Index, and a more significant underweight compared to the start of the year vs. the MSCI EAFE Value Index. Within our financials exposure, we have a slightly higher allocation to European banks than the benchmark. Based on our analysis, our European bank holdings generally have strong liquidity, diversified deposit bases, and differentiated security/asset exposures. They can also access capital more easily than their U.S. peers as the regulatory liquidity tests tend to be more stringent in Europe than in the United States. Furthermore, our European bank holdings still appear positively geared to benefit from higher rates.

As several U.S.-based banks entered FDIC receivership during the quarter, our financials research team and investment committee have been meeting frequently as they monitored ongoing developments. We have been updating our valuation and risk exposure analysis across a variety of financials holdings and have been in contact with several global financial companies via email, phone, and in-person meetings at financial conferences.

Three months into 2023, a variety of issues facing international stocks have persisted, including elevated inflation, slowing economic growth/recession concerns, and political as well as regulatory uncertainties. Despite these challenges, international stocks (MSCI EAFE) posted positive returns in the first quarter, highlighting our belief that often when the market is the most negative, it can be a great time to invest.

Even with their rally and outperformance vs. U.S. stocks (Russell 1000), we believe international stocks in general—and the Fund's portfolio in particular—continue to offer an attractive long-term risk/reward tradeoff at today's valuation levels. Note that within the international equity space, value stocks (MSCI EAFE Value) continue to trade in the highest quintile of discount levels to the broader market on a variety of valuation metrics (e.g., forward price/earnings, price/cash flows, enterprise value/sales), which should bode well, in our opinion, for the long-term potential of value stocks.

We believe the Brandes International Equity Fund is well positioned and we remain optimistic about its long-term prospects.

Average Annual Total Returns (%) as of March 31, 2023							
Without Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 1/2/1997
Class I	11.00	11.00	5.50	17.76	2.59	5.15	7.14
Class A	10.84	10.84	5.18	17.41	2.32	4.90	6.90
Class C	10.66	10.66	4.41	16.67	1.61	4.28	--
Class R6	10.97	10.97	5.62	17.86	2.70	5.26	7.22
With Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 1/2/1997[1]
Class A	4.48	4.48	-0.87	15.11	1.12	4.28	6.66
Class C	9.66	9.66	3.41	16.67	1.61	4.28	--
MSCI EAFE Index	8.47	8.47	-1.38	12.99	3.52	5.00	4.71
MSCI EAFE Value Index	5.93	5.93	-0.31	14.58	1.75	3.74	--
Operating Expenses: Class I: 0.93% (gross), 0.85% (net) Class A: 1.13% (gross), 1.13% (net) Class C: 1.88% (gross), 1.88% (net) Class R6: 0.88% (gross), 0.75% (net)							

[1] Fund inception predates MSCI EAFE 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.*

The Fund commenced operations in 1997. Prior to October 6, 2008, the Fund had only one class of shares (currently designated as Class I shares). 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 shares 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 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 1/2/2005, 8 years after the inception date of the Brandes International Equity Fund. Performance of Class R6 shares shown prior to the inception of Class R6 shares on February 1, 2016, 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.

Cash Flow: The amount of cash generated minus the amount of cash used by a company in a given period.
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.
Price/Cash Flow: Price per share divided by cash flow per share.
Price/Tangible Book Value: Price per share divided by tangible book value per share.
Profit Margin: Net income divided by revenues.
Return on Capital: Net income minus dividends divided by total capital; used to assess a company's efficiency at allocating the capital under its control to profitable investments.
Tangible Book Value: Book value minus intangible assets (e.g., goodwill).

The Russell 1000 Index with gross dividends measures performance of the large cap segment of the U.S. equity universe.
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.

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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.

The foregoing reflects the thoughts and opinions of Brandes Investment Partners® exclusively and is subject to change without notice.

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