

Brandes International Small Cap Equity Fund

FUND INFORMATION

Class I:	BISMX
Class A:	BISAX
Class C:	BINCX
Class R6:	BISRX

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 12/31/2022)

Embraer SA	5.21
Enel Chile SA	3.15
J Sainsbury PLC	3.10
PAX Global Technology Ltd	3.03
AIB Group PLC	2.70
Fibra Uno Administracion SA de CV	2.65
Rolls-Royce Holdings PLC	2.59
Draegerwerk AG & Co KGaA	2.54
C&C Group PLC	2.47
Nova Ljubljanska Banka dd	2.17

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

The Brandes International Small Cap Equity Fund returned 21.77% (Class I Shares), outperforming its benchmark, the S&P Developed ex-U.S. SmallCap Index, which was up 16.28% in the fourth quarter, and the S&P Developed ex-U.S. SmallCap Value Index, which increased 17.75%.

Positive Contributors

Value outperformance provided a tailwind for the Fund. Bank holdings, including Ireland-based **AIB Group**, Slovenian **Nova Ljubljanska Banka**, and Japan's **Concordia Financial Group**, were strong performers, benefiting from the global rise in interest rates.

A variety of cyclical and economically sensitive businesses also aided returns as they outperformed the broader market (S&P Developed ex-U.S. SmallCap Index). These included U.K.-based **Rolls-Royce** and **TechnipFMC**, as well as France-based contract caterer **Elior Group**.

Rolls-Royce rose as global air traffic continued to increase, helping engine flight hours recover. The company's shares were also boosted by an improved balance sheet and news that its engines would be used on the next-generation fleet replacing the Black Hawk helicopters, which currently use legacy GE engines. Meanwhile, Elior announced the acquisition of Derichebourg Multiservices. The transaction is intended to reposition Elior, potentially accelerating its turnaround and deleveraging its balance sheet, albeit with dilution to existing Elior shareholders.

Other contributors included Chilean electric utility **Enel Chile**, U.K. food retailer **J Sainsbury**, and Brazilian regional jet manufacturer **Embraer**. Additionally, the Fund's exposure to emerging markets businesses helped relative returns.

Performance Detractors

While most of the Fund's holdings in Japan performed well, food company **Mitsubishi Shokuhin** and electrical equipment firm **Futaba Corporation** declined.

Israel-based **Taro Pharmaceuticals** and Irish convenience food producer **Greencore Group** also hurt returns, along with Chinese engine manufacturer **China Yuchai International** and Hong Kong-based holding company **First Pacific**.

Furthermore, the Fund's holdings in the consumer discretionary sector underperformed those within the benchmark.

Select Activity in the Quarter

The small-cap investment committee divested several holdings as they reached our estimates of intrinsic value or were deemed as sources of capital to be recycled into more attractive opportunities. Sold positions included Turkey-based food products company **Ulker Biskuvi Sanayi** and Italian bank **Credito Emiliano**, as well as Japan-based auto components company **Tachi-S**, Mitsubishi Shokuhin, and web services provider **DeNA**. Meanwhile, the committee initiated a position in Spain-based biopharmaceutical company **Grifols**.

Grifols develops, manufactures, and distributes biological medicines derived from blood plasma. Processing blood plasma is a capital intensive and highly regulated industry that is an oligopoly comprising three vertically integrated players (including Grifols). The industry enjoys attractive long-term growth prospects because an aging patient population and the chronic nature of most illnesses treated by the drugs have resulted in a stable demand.

Grifols has been materially affected by COVID-19 as initial shelter-in place orders and government financial support led to a significant drop in plasma collection in 2020 and 2021. While plasma collections are recovering, the resulting impact in Grifols' financial results won't likely be seen until next year because plasma-derived products require a six-month quarantine. Additionally, in anticipation of an increase in long-term demand for blood plasma-derived products, Grifols has been ramping up its spending to build more collection centers, which has hurt its short-term results and increased its balance sheet leverage. Longer-term, we believe Grifols offers an attractive opportunity given the likelihood of blood-plasma supply recovery and the potential improvement of the company's margins and earnings from today's depressed levels.

Year-to-Date Briefing

The Brandes International Small Cap Equity Fund declined 8.44% (Class I Shares), outperforming its benchmark, the S&P Developed ex-U.S. SmallCap Index, which declined 21.81% in 2022, and the S&P Developed ex-U.S. SmallCap Value Index, which was down 14.57%.

As was the case in the quarter, the Fund's outperformance was helped by the value tailwind. Robust contributions to relative returns came from various holdings, specifically those in the financials, real estate, health care, industrials, and utilities sectors. Geographically, allocations to companies in the U.K. and Japan helped relative performance, as did our exposure to emerging markets businesses.

At the stock level, solid performers were similar to those in the fourth quarter, namely AIB Group, Enel Chile, TechnipFMC, and Rolls-Royce. Mexican real estate investment trust **Fibra Uno**, Hong Kong based **PAX Global**

Technology, and Canadian uranium company **Cameco** also lifted returns. Additionally, the Fund's underweight to information technology helped performance relative to the benchmark.

Detractors were mostly holdings in the consumer staples and materials sectors, notably Ireland-based Greencore Group and beverage firm **C&C Group**, as well as U.K.-based retailer **Marks & Spencer**. Other detractors included Embraer, China Yuchai International, and Canadian juvenile products manufacturer **Dorel Industries**.

Current Positioning

At year end, the Brandes International Small Cap Equity Fund held its key overweights to consumer staples, communication services, and financials, while maintaining significant underweights to technology and materials. We continued to have overweight positions in Ireland, the U.K., Hong Kong, and emerging markets, and underweight positions in Canada, Australia, and Japan.

As we noted last quarter, a variety of headwinds face international stocks today, ranging from elevated inflation, slowing economic growth and recession concerns to energy risk and political as well as regulatory uncertainties. While our overall positioning is driven by a bottom-up stock selection with a focus on the long term, we do consider many of these concerns when we analyze an investment opportunity, determining how they can impact the fundamentals of a business and comparing our intrinsic value estimate against what is currently being priced in by the market. We continue to believe the Fund's current positioning offers an attractive opportunity for long-term investors and remain optimistic about its prospects.

Average Annual Total Returns (%) as of December 31, 2022

Without Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 8/20/1996
Class I	21.77	-8.44	-8.44	4.41	-0.50	4.69	8.08
Class A	21.74	-8.65	-8.65	4.20	-0.71	4.46	7.83
Class C	21.46	-9.33	-9.33	3.62	-1.33	3.85	--
Class R6	21.92	-8.29	-8.29	4.53	-0.38	4.79	8.16
With Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 8/20/1996
Class A	14.74	-13.90	-13.90	2.17	-1.87	3.84	7.59
Class C	20.46	-10.20	-10.20	3.62	-1.33	3.85	--
S&P Developed Ex-US SmallCap Index	16.28	-21.81	-21.81	-0.96	-0.42	5.46	5.86
S&P Developed Ex-US SmallCap Value Index	17.75	-14.57	-14.57	-0.26	-0.89	5.34	6.52

Operating Expenses: Class I: 1.16% (gross), 1.15% (net) Class A: 1.36% (gross), 1.36% (net) Class C: 2.11% (gross), 2.11% (net) Class R6: 1.10% (gross), 1.00% (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.

Prior to February 1, 2012, 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 February 1, 2012, 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 February 1, 2012 for the Class A shares reflects the performance of the private investment fund shares adjusted to reflect Class A expenses. Performance shown prior to the inception of Class C shares reflects the performance of the private investment fund for periods prior to February 1, 2012 and the performance of Class I shares for the period from February 1, 2012 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 8/19/2004, 8 years after the inception date of the Brandes International Small Cap Equity Fund. Class R6 shares commenced operations on June 27, 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.

Operating Margin: Operating income divided by net sales; used to measure a company's operating efficiency.

The S&P Developed Ex U.S. SmallCap Index with net dividends measures the equity performance of small cap companies in developed markets excluding the United States. Data prior to 2001 is gross dividend and linked to the net dividend returns.

The S&P Developed Ex U.S. SmallCap Value Index with net dividends measures the equity performance of small cap companies in developed markets excluding the United States, which are classified as value stocks by book value-to-price, sales-to-price, cash flow-to-price, and dividend yield.

The S&P Developed Ex-U.S. SmallCap Growth Index measures the equity performance of small cap companies in developed markets excluding the United States, which are classified as growth stocks by 5-year historical earnings per share growth, 5-year historical sales per share growth, and 5-year average annual internal growth rate.

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.

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.

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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