

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 3/31/2023)

Embraer SA	6.21
Rolls-Royce Holdings PLC	3.42
Enel Chile SA	3.29
J Sainsbury PLC	3.09
PAX Global Technology Ltd	2.97
C&C Group PLC	2.76
Millicom International Cellular SA	2.57
AIB Group PLC	2.51
Draegerwerk AG & Co KGaA	2.48
Fibra Uno Administracion SA de CV	2.47

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

The Brandes International Small Cap Equity Fund returned 13.60% (Class I Shares), outperforming its benchmark, the S&P Developed ex-U.S. SmallCap Index, which was up 6.44% in the first quarter, and the S&P Developed ex-U.S. SmallCap Value Index, which increased 6.09%.

Positive Contributors

Holdings in Latin America helped performance, led by Mexico-based cement company **Cemex** and real estate investment trust **Fibra Uno**, Chilean electric utility **Enel Chile**, and Brazilian regional jet manufacturer **Embraer**. Luxembourg-domiciled telecom firm **Millicom International**, which operates entirely in Latin America, also aided returns.

Embraer posted solid results for the fourth quarter of 2022, with revenue and free cash flow ahead of consensus and operating margin improving sequentially across segments. The company provided increased guidance for aircraft deliveries in 2023 in both the commercial and executive divisions. Moreover, 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.

Similarly, Cemex benefited from an enhanced outlook for 2023, with pricing remaining robust and management optimistic on growth in the industrial and commercial sectors.

Other contributors included U.K.-based retailers **J Sainsbury** and **Marks and Spencer**. Additionally, industrial firm **Rolls-Royce**, also based in the U.K., continued to recover from the downturn in demand for long-haul air travel. The company reported improved operating results and has been awarded with new contracts over the last several months, strengthening expectations for free-cash-flow generation.

From a sector perspective, holdings in industrials, consumer staples, real estate, and communication services drove returns.

Performance Detractors

Several holdings in consumer discretionary hurt performance, notably Canada-based **Dorel Industries** and China-based **Weiqiao Textile**.

Dorel Industries declined on disappointing results for the fourth quarter of 2022 amid lower sales in its juvenile products and home furnishing divisions. The company has started implementing measures to cut costs and reduce inventories, which should help earnings going forward.

Other detractors included U.K.-based banknotes printing company **De La Rue**, Spanish biotechnology firm **Grifols**, and Irish beverage business **C&C Group**.

Grifols saw its share price hit by the resignation of its chairman and weak earnings guidance for the year. The company's build-out of collection facilities over the last few years has continued to impact its cash flow and stretched its balance sheet, while lower blood-plasma collection volumes due to COVID suppressed its earnings. Recently, Grifols announced new cost-cutting initiatives, and we continue to believe the company offers an attractive long-term opportunity given the importance of its plasma-derived products to treat a variety of medical conditions.

Relative to the benchmark, our underweight to the information technology sector weighed on returns.

Select Activity in the Quarter

The small-cap investment committee initiated a position in Brazilian electric utility **Neoenergia** while divesting Japanese bank **Concordia Financial Group**.

Neoenergia is Brazil's second-largest distribution utility that derives more than 80% of operating profits from its regulated distribution and transmission networks. Based on our analysis, the company is a high-quality operator with an efficient cost structure, allowing it to outperform regulatory returns. It has a large presence in Brazil's Northeast region, where per capita electricity consumption is below the country's average and the concessions offer above-average expansion opportunities to enlarge the regulatory asset base. The combination of organic growth opportunities and efficient operations in its core regulated networks has proven to be a powerful driver of sustainable shareholder value creation and earnings growth for Neoenergia.

In our view, Neoenergia's market price more than reflects a variety of investor concerns, including capital allocation risk, temporarily elevated leverage (a function of peak-growth capital expenditure), and corporate governance. We see attractive upside from the potential for continued EBITDA growth driven by inflation-protected revenues, efficient investments in the regulatory asset base, and the start-up of new transmission lines and renewable energy projects. The completion of these projects should improve Neoenergia's leverage ratios and cash flows, and potentially enable the company to adopt a higher dividend payout above the minimum level presently. Overall, we believe the stock offers an opportunity to invest in what we consider an undervalued company with an attractive earnings growth profile.

Current Positioning

With limited turnover in the quarter, the positioning of the Fund's portfolio did not change materially. As of March 31, 2023, the Brandes International Small Cap Equity Fund held its key overweights to consumer staples, communication services, health care, and financials, while maintaining significant underweights to technology, consumer discretionary, and materials. We continued to have overweight positions in Ireland, the U.K., Hong Kong, and emerging markets, and underweight positions in Canada, Australia, Switzerland, and Japan.

Given the volatility and headlines surrounding the financials sector globally, we'd be remiss not to mention our exposure. At quarter end, the Fund had a higher allocation to financials than the benchmark's 11.65% weighting. 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. We believe the risk of permanent, fundamental impairment stemming from issues like those faced by Silicon Valley Bank and other struggling banks remains low for the financial institutions we own specifically within the Fund.

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 March 31, 2023

Without Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 8/20/1996
Class I	13.60	13.60	10.86	21.77	2.58	5.41	8.52
Class A	13.51	13.51	10.47	21.54	2.35	5.18	8.27
Class C	13.32	13.32	9.78	20.88	1.72	4.56	--
Class R6	13.63	13.63	11.03	21.91	2.71	5.51	8.60
With Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 8/20/1996
Class A	6.99	6.99	4.12	19.16	1.14	4.55	8.03
Class C	12.32	12.32	8.78	20.88	1.72	4.56	--
S&P Developed Ex-US SmallCap Index	6.44	6.44	-9.38	13.21	1.02	5.43	6.06
S&P Developed Ex-US SmallCap Value Index	6.09	6.09	-5.68	15.51	0.77	5.30	6.68

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.

Cash Flow: The amount of cash generated minus the amount of cash used by a company in a given period.

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization.

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

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.

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.

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

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