

# Brandes International Small Cap Equity Fund

## FUND INFORMATION

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

## STRATEGY

The Brandes International Small Cap Equity Fund seeks long term capital appreciation.

*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.*

## TOP TEN HOLDINGS

(% of assets as of 9/30/2026)

|                                   |      |
|-----------------------------------|------|
| Montana Aerospace AG              | 3.62 |
| Nova Ljubljanska Banka dd         | 3.24 |
| LISI SA                           | 3.03 |
| S-1 Corp                          | 3.01 |
| Medipal Holdings Corp             | 2.76 |
| Fibra Uno Administracion SA de CV | 2.68 |
| Indofood Sukses Makmur Tbk PT     | 2.53 |
| Grifols SA                        | 2.50 |
| Qualitas Controladora SAB de CV   | 2.45 |
| Draegerwerk AG & Co KGaA          | 2.39 |

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

The Brandes International Small Cap Equity Fund returned 9.03% (Class I Shares), outperforming its benchmark, the MSCI ACWI ex-US Small Cap Index, which was up 2.08% in the quarter, and the MSCI ACWI ex-US Small Cap Value Index which gained 3.85%.

## Positive Contributors

Industrials and health care holdings drove the quarter's relative results. Within industrials, South Korean security services provider S-1 Corporation, U.K.-based staffing firms Michael Page and Hays, and Japanese printing equipment manufacturer Komori were among the strongest contributors. Michael Page and Hays rebounded sharply as operating results and guidance proved more resilient than expected. Among health care holdings, Germany-based medical equipment firm Draegerwerk was a notable performer, along with Japanese medical diagnostics company Sysmex and pharmaceutical wholesaler Medipal Holdings. Draegerwerk revised its full-year operating margin guidance upward, supported by tariff refunds and robust demand in its safety division, while Sysmex was bolstered by strong recovery in the Americas.

Geographically, the Fund benefited from holdings in the U.K. and emerging markets. In addition to the aforementioned U.K. staffing firms, South Korean food products company Binggrae and Brazilian food retailer Sendas Distribuidora performed well.

## Performance Detractors

Major detractors included holdings in financials, including insurer Mexico-based insurer Qualitas Controladora and Austria's Addiko Bank. Select communication services companies also declined, including U.K. broadcaster ITV and German entertainment business CTS Eventim. ITV's first-half results and advertising outlook fell short of market expectations, while investors assessed the economics of the proposed sale of its Media & Entertainment segment.

Other detractors included Belgium-based personal care products business Ontex, Canadian aviation-training firm CAE, and Luxembourg-based luggage company Samsonite.

## Select Activity in the Quarter

The investment committee initiated positions in Brazilian food retailer Sendas Distribuidora, Switzerland-based luxury goods company Swatch, Philippines-based food products business Universal Robina, and German entertainment company CTS Eventim. Meanwhile, fully exited positions included Komori and commercial supplies company PILOT, both based in Japan.

Swatch Group is the world's largest watchmaker and is vertically integrated across the watchmaking value chain. Its portfolio spans nearly all price points, from Swatch and Tissot to Longines, Omega, Blancpain, and Breguet, with Omega serving as its largest brand and primary profit driver. The company also participates in ultra-high-end jewelry through Harry Winston. Swatch is controlled and managed by the founding Hayek family, which holds majority voting control despite owning a minority economic interest. We believe the company's collection of established brands, vertically integrated manufacturing capabilities, and long-term family ownership represent valuable competitive attributes.

The opportunity to invest emerged after deterioration in profitability caused by softer demand in China, adverse currency movements, and fixed-cost deleveraging. Revenue in China declined amid subdued consumer confidence, broader weakness across the watch industry, and Swatch's decision to reduce third-party distribution in the country. At the same time, the company's Swiss franc-denominated cost base and largely non-Swiss franc revenue base have made the strengthening franc a meaningful headwind, as price increases lagged the currency pressure. These factors have driven profitability to historically low levels and weighed on the share price. However, results outside mainland China have proven more resilient, and recent developments signal the potential for operating leverage if revenue growth returns.

We believe Swatch is undervalued relative to its normalized earnings potential and underlying assets. Key risks include prolonged weakness in China, currency headwinds, a relatively inflexible cost structure, suboptimal capital allocation, and governance concerns. Nevertheless, the company's valuable brands, strong balance sheet, asset backing, and potential for earnings normalization support an attractive risk-reward profile.

## Year-to-Date Briefing

The Brandes International Small Cap Equity Fund returned 6.61% (Class I Shares), underperforming its benchmark, the MSCI ACWI ex-US Small Cap Index, which was up 11.36%, and the MSCI ACWI ex-US Small Cap Value Index, which rose 11.94%.

Holdings in machinery, commercial services and supplies, and communications services were strong drivers of return. These included Kennametal and Aalberts in machinery, Societe BIC and S-1 in commercial services and supplies, and Millicom International and Magyar Telekom in communication services.

Information technology accounted for nearly 50% of the benchmark's gains, making the Fund's underweight position the largest detractor from relative performance. Additionally, the Fund's technology holdings are concentrated in companies facing elevated concerns about AI-driven disruption, including IT services provider Globant and software company Open Text, which also weighed on returns.

Outside technology, several holdings in consumer staples and aerospace and defense performed poorly, notably Montana Aerospace, Ontex Group, and beverage company C&C Group.

## Current Positioning

The Fund's largest allocations remain in industrials, health care, consumer staples, and consumer discretionary. Conversely, we maintain lower exposure to materials and technology than the benchmark. Geographically, we maintain

meaningful exposure to businesses in the U.K., Canada, Japan (although materially underweight relative to the benchmark), and emerging markets. In our view, the Fund's positioning continues to reflect opportunities for which near-term uncertainty has created a disconnect between price and long-term fundamentals.

Looking ahead, we believe the current environment remains particularly attractive for disciplined value investors. Market enthusiasm continues to be concentrated in a narrow group of AI-related companies, often with limited regard for valuation. While the long-term potential of AI is significant, history suggests periods of extreme optimism can create opportunities for active investors to uncover appealing investments elsewhere in the market. We believe that is the case today.

Across the Fund, we are finding companies that appear overlooked by investors despite having what we see as strong competitive positions, durable cash-flow generation, and compelling valuations. These include businesses that can benefit from technological change rather than be disadvantaged by it. In our view, the Fund's differentiated exposures can provide investors with meaningful diversification potential and make it a good complement to passive and growth-oriented approaches. The Fund also offers what we consider a more attractive aggregate valuation profile than the benchmark, while maintaining focus on long-term return potential. We remain encouraged by the prospects for value stocks and the risk-reward tradeoff of the Fund's holdings.

## Average Annual Total Returns (%) as of September 30, 2026

| Without Load                           | 3 Months | YTD   | 1 Year | 3 Years | 5 Years | 10 Years | Since Inception<br>8/19/1996 <sup>2</sup> |
|----------------------------------------|----------|-------|--------|---------|---------|----------|-------------------------------------------|
| Class I                                | 9.03     | 6.61  | 9.90   | 29.55   | 18.54   | 11.42    | 10.59                                     |
| Class A                                | 8.92     | 6.43  | 9.60   | 29.27   | 18.29   | 11.19    | 10.34                                     |
| Class C                                | 8.76     | 5.99  | 8.98   | 28.40   | 17.48   | 10.59    | —                                         |
| Class R6                               | 9.01     | 6.67  | 9.96   | 29.66   | 18.68   | 11.55    | 10.67                                     |
| With Load                              | 3 Months | YTD   | 1 Year | 3 Years | 5 Years | 10 Years | Since Inception<br>8/19/1996 <sup>2</sup> |
| Class A                                | 2.66     | 0.31  | 3.30   | 26.74   | 16.89   | 10.53    | 10.12                                     |
| Class C                                | 7.76     | 4.99  | 7.98   | 28.40   | 17.48   | 10.59    | —                                         |
| MSCI ACWI ex USA Small Cap Index       | 2.08     | 11.36 | 14.66  | 17.87   | 6.74    | 8.49     | 7.27                                      |
| MSCI ACWI ex USA Small Cap Value Index | 3.85     | 11.94 | 16.72  | 19.10   | 9.33    | 8.92     | 8.06                                      |

Operating Expenses: Class I: 1.07% (gross), 1.07% (net) Class A: 1.28% (gross), 1.28% (net) Class C: 1.87% (gross), 1.87% (net) Class R6: 1.05% (gross), 1.00% (net)

<sup>2</sup> Indicates performance of the S&P Developed Ex U.S. SmallCap Index, the fund's previous benchmark, and the S&P Developed Ex U.S. SmallCap Value Index, from inception through 5/31/2007, and the performance of the MSCI ACWI ex USA Small Cap Index and the MSCI ACWI ex USA Small Cap Value Index from 6/01/2007 to present. Effective January 28, 2024, the benchmark for the Predecessor Fund changed from the S&P Developed ex-U.S. Small Cap (Net Dividends) Index to the MSCI ACWI ex USA Small Cap Index to better align the Predecessor Fund's benchmark with the Fund's current portfolio objectives and composition.

*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 would have been lower without limitations in effect. Performance data shown with load reflects the Class A maximum sales charge of 5.75%, and the Class C maximum deferred sales charge of 1.00% imposed on shares redeemed within one year of purchase. 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 were first offered on February 1, 2012, while Class C shares were first offered 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 before February 1, 2012 is that of the private investment fund managed by the Advisor that is the predecessor of the Fund, not restated to reflect Fund expenses. Performance shown prior to February 1, 2012 for the Class A shares reflects the performance of the private investment fund shares restated to reflect Class A sales loads and 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 were first offered on June 27, 2016. Performance shown prior to the inception of Class R6 shares reflects the performance of Class I shares restated to reflect Class R6 expenses.

The Advisor has contractually agreed to limit the operating expenses through July 29, 2027. 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.

MSCI has not approved, reviewed or produced this report, makes no express or implied warranties or representations and is not liable whatsoever for any data in the report. You may not redistribute the MSCI data or use it as a basis for other indices or investment products.

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.

For term definitions, please refer to <https://www.brandes.com/termdefinitions>.

For index definitions, please refer to <https://www.brandes.com/benchmark-definitions>.

Diversification does not ensure a profit or guarantee against loss.

One cannot invest directly in a market 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. Stocks of small-sized and mid-sized companies tend to have limited liquidity and usually experience greater price volatility than stocks of larger 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](http://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.

Brandes Investment Partners® is a registered trademark of Brandes Investment Partners, L.P. in the United States and Canada.

The Brandes funds are distributed by Foreside Financial Services, LLC.