

Brandes Small Cap Value Fund

FUND INFORMATION

Class I:	BSCMX
Class A:	BSCAX
Class R6:	BSCRX

STRATEGY

The Fund seeks long-term capital appreciation by investing predominantly in U.S. equity securities of small-capitalization companies that the Fund's investment team believes are undervalued relative to their financial strength and upside potential.

TOP TEN HOLDINGS

(% of assets as of 3/31/2024)

Graham Corp	5.28
Park Aerospace Corp	4.89
NETGEAR Inc	4.48
Embraer SA	4.45
Moog Inc	3.98
Dril-Quip Inc	3.90
Edgewell Personal Care Co	3.83
Arlo Technologies Inc	3.76
Kennametal Inc	3.07
Utah Medical Products Inc	3.03

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

The Brandes Small Cap Value Fund returned 12.65% (Class I Shares), outperforming its benchmark, the Russell 2000 Index, which gained 5.18% in the quarter, as well as the Russell 2000 Value Index, which was up 2.90%.

Positive Contributors

Top contributors included holdings in the industrials sector. Among the most notable performers were aerospace and defense companies Park Aerospace, Moog, and Embraer, along with construction and engineering company Orion Group and machinery business Graham Corporation.

The Fund's aerospace and defense holdings, including Park Aerospace, Moog, and Embraer, continued to benefit from the ongoing recovery in passenger air travel that has led to solid revenue growth, expanding profit margins, healthier cash-flow generation, and healed balance sheets. These positive fundamental developments helped confirm our long-term thesis around franchise quality, balance sheet durability, and end-market recovery potential for these holdings. Moreover, record backlogs highlighted—in our view—the appealing long-term secular growth outlook for global passenger air travel in an industry that has historically allowed incumbents to generate attractive returns on capital. Consequently, we revised our intrinsic value estimates for several of the Fund's aerospace and defense holdings upward, and believe they continue to offer an attractive risk/reward tradeoff at current valuation levels.

Orion Group gained from strong growth in its marine and concrete segments, while Graham Corp's earnings and revised guidance proved better than market consensus estimates.

Other contributors included security system technology company Arlo Technologies, insurer Mercury General, and Healthcare Services Group.

Performance Detractors

While the Fund's machinery industry holdings contributed in aggregate, Hurco Companies and Kennametal declined.

Beyond Hurco and Kennametal, there were no material attributes shared by the poor performers. Insurer Crawford & Company, offshore drilling and equipment services provider Dril-Quip, food retailer Ingles Markets, health care equipment company Utah Medical Products and financial services holding company Eagle Bancorp Montana all fell. Crawford & Company posted lower results as a consequence of reduced weather-related business activity, while sales and profitability for Ingles Markets also dipped.

From a relative standpoint, the largest detractor versus the Russell 2000 Index was the exclusion of Super Micro Computer from the Fund's portfolio, which was up above 250% year-to-date. Super Micro Computer has prominent place in artificial intelligence (AI), building servers for Nvidia.

Select Activity in the Quarter

The small-cap investment committee initiated positions in gas utilities Northwest Natural Holding and Spire, while selling Eagle Pharmaceuticals.

Regulated natural gas utilities (also referred to as local gas distribution companies or LDCs) traded at a premium over electric utilities until about 2020. The market viewed them as relatively safer investments with solid growth prospects and better supportive mechanisms for the timely recovery of capital expenditures (capex) and purchased

energy, while electric utilities were viewed as being potentially obsolete because of competition from renewables. The perceived risk profile of the two utility types switched in 2020, eroding the premium assigned to the gas utilities as the debate about the risk of stranded assets for gas-related infrastructure intensified. This concern seems to be more relevant in public markets. Meanwhile, private market transactions for LDCs are still executed at significant valuation premiums and represent a possible path for value realization if the perceptual gap persists.

Spire Inc., formerly The Laclede Group, was formed in 2000 as the holding company for the Laclede Gas Company based in Missouri. Laclede Gas was founded in 1857 and was listed in 1889. Between 2013 and 2016, the company spent \$2.6 billion acquiring three regulated natural gas utilities in Alabama, Missouri, and Mississippi. The company has three reportable business segments: gas utility, gas marketing and midstream. The gas utility segment includes the regulated operations of Spire Missouri, Spire Alabama, Spire Gulf and Spire Mississippi, which serve 1.7 million customers. Other gas-related businesses include unregulated natural gas marketing services and highly contracted midstream activities (pipelines and storage).

Spire earns an above-average (tangible) return on equity and has an earnings per share (EPS) growth profile similar to its peers. The company targets around 6% EPS growth over the medium term underpinned by a robust 10-year capex plan that implies 7%-8% annual rate base growth with good visibility on timely cost recovery. The shares trade at a discount of approximately 10% relative to their peers. This discount may reflect lingering negative perceptions of the regulatory climate in Missouri (68% of rate base) following a cost recovery dispute (since resolved). Other considerations include execution and capital allocation issues outside the regulated utilities and uncertainty about the timing (but not the outcome) for the recovery of its deferred gas purchases. These are based on a volumetric formula and thus tied to customer demand in winter. We believe Spire's utilities have an average or above-average regulatory profile: Alabama and Mississippi are two of the most investor-friendly states in the country, and recent developments in Missouri have significantly improved its regulatory environment. With respect to capital allocation, 97% of Spire's 10-year capex plan is allocated to the regulated utilities, providing good visibility of its earnings growth and returns.

Northwest Natural Holding Company (NW Holdings) is headquartered in Portland, OR. Its primary business is the distribution of natural gas to 800,000 customers in the state, including the Portland metropolitan area, as well as in southwest Washington. The company also engages in other business activities, including a gas storage facility, water utilities and in unregulated, renewable natural gas.

NW Holdings targets about 5% EPS growth for the 2022-27 period and is dependent on continuous rate case filings to sustain a return on equity of around 8%. Like Spire, it trades at a discount relative to its peers. Some of the discount seems justified, given the company's below-average return on equity and low EPS growth potential, but we believe current levels are not too significant. As for shareholder returns, NW Holdings has grown its dividends for 68 years, making it one of only three companies listed on the NYSE with this legacy.

Current Positioning

With minimal portfolio activity, the Fund's allocations from a sector standpoint were largely unchanged. The Fund maintains its largest weights in industrials, health care and information technology (although an underweight relative to the benchmark). The Fund's most notable underweights are in consumer discretionary, financials, and real estate.

Compared with the Russell 2000 Value Index, we have significantly less exposure to financials and real estate. In our opinion, the differences between the Brandes Small Cap Value Fund and the broader U.S. small-cap market continue to make it an attractive complement to other small-cap offerings. The Fund exhibits lower valuations than the Russell 2000 Index, while offering exposure to companies with what we consider are strong balance sheets, compelling growth prospects, and a history of durable free cash flow generation.

We are optimistic about the potential of value stocks in general and believe the Brandes Small Cap Value Fund remains well positioned from a long-term risk/reward perspective.

Average Annual Total Returns (%) as of March 31, 2024

Without Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 10/1/1997
Class I	12.65	12.65	26.93	11.75	15.64	11.40	8.35
Class A	12.59	12.59	26.63	11.47	15.31	11.11	8.07
Class R6	12.75	12.75	27.14	12.06	14.25	10.80	8.12
With Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 10/1/1997 ¹
Class A	6.09	6.09	19.32	9.28	13.95	10.45	7.83
Russell 2000 Index	5.18	5.18	19.71	-0.10	8.10	7.57	7.41
Russell 2000 Value Index	2.90	2.90	18.75	2.21	8.16	6.87	7.99

Operating Expenses: Class I: 2.52% (gross), 0.92% (net) Class A: 2.72% (gross), 1.17% (net) Class R6: 2.47% (gross), 0.74% (net)

¹The performance information shown for periods before January 2, 2018 is that of a private investment fund managed by the Advisor (the "Predecessor Fund") prior to the commencement of the Small Cap Fund's operations with policies, guidelines and restrictions that were, in all material respects, equivalent to those of the Small Cap Fund. The Small Cap Fund acquired the assets and assumed the liabilities of the Predecessor Fund on January 2, 2018, and investors in the Predecessor Fund received Class I shares of the Small Cap Fund as part of the reorganization. With respect to Class I and Class R6 shares, the performance information shown reflects the gross expenses of the Predecessor Fund. Class A shares reflect the gross expenses of the Predecessor Fund restated to reflect the Class A sales load and Rule 12b 1 fees.

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 Advisor has contractually agreed to limit the operating expenses through January 28, 2025. 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.

Term definitions: <https://www.brandes.com/termdefinitions>

The Russell 2000 Index with gross dividends measures the performance of the small-cap segment of the U.S. equity universe.

The Russell 2000 Value Index with gross dividends measures performance of the small cap segment of the U.S. equity universe. Securities are categorized as growth or value based on their relative book-to-price ratios, historical sales growth, and expected earnings growth.

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. 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. Read carefully before investing.

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