

Brandes U.S. Value Fund

FUND INFORMATION

Class I:	BUVIX
Class A:	BUVAX
Class R6:	BUVRX

STRATEGY

The Fund seeks long-term capital appreciation by investing primarily in the equity securities of U.S. issuers with equity market capitalizations that exceed \$5 billion at the time of purchase.

TOP TEN HOLDINGS

(% of assets as of 12/31/2022)

Chevron Corp	4.12
Halliburton Co	3.15
Merck & Co Inc	2.95
Amdocs Ltd	2.95
Cigna Corp	2.74
McKesson Corp	2.73
Comcast Corp	2.68
American International Group Inc	2.54
Fiserv Inc	2.52
Pfizer Inc	2.52

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

The Brandes U.S. Value Fund rose 16.66% (Class I Shares) in the quarter, outperforming its benchmark, the Russell 1000 Value Index, which increased 12.42%, as well as the broader Russell 1000 Index, which rose 7.24%.

Positive Contributors

Value outperformance during the quarter provided a tailwind for the Fund as a variety of companies appreciated more than the overall market. These included oil-related companies **Halliburton** and **Chevron**, as well as health care companies **Merck**, **HCA Healthcare**, and **Cigna**. Halliburton has performed well amid the strong oil price environment and increased demand for oilfield services leading to attractive pricing for the company's services.

Other contributors included insurance company **American International Group**, industrial company **Emerson**, and advertising agency **Omnicom**. Emerson rose amid its continued execution to focus its business on industrial automation as it divested non-core businesses.

Performance Detractors

Amid solid absolute and relative performance, there were no holdings in the Fund that declined significantly during the period. The largest detractors were primarily companies that stayed fairly flat in an overall rising market. These included regional bank **Truist**, **CVS Health**, and **Fox**.

There were also several technology-related holdings that underperformed the broader market (Russell 1000) during the quarter, including **Alphabet**, IT services firm **Cognizant**, and memory manufacturer **Micron**. Alphabet and Cognizant were impacted in part by customers reducing advertising and IT service spending due to weaker economic expectations, while Micron was impacted by oversupply.

Select Activity in the Quarter

Amid the rising overall market, investment activity was fairly light during the period. The investment committee pared a few of the stronger-performing holdings as their margins of safety narrowed, including **General Dynamics**, **Taylor Morrison**, Cigna, and **Johnson Controls**. In addition, we added to the Fund's position in memory manufacturer Micron, and we initiated a position in global pharmaceutical firm **Sanofi**.

Micron, a manufacturer of DRAM and NAND memory semiconductors, experienced a stock price decline amid concerns about oversupply and a downturn in memory prices. While the current downturn is forecast to be more severe than others in recent years, the industry has already announced significant supply cuts, which should eventually help match supply and demand. Additionally, industry consolidation over the past decade should help the firm manage the changing supply/demand dynamics as the industry now has only three major players (Samsung, SK Hynix and Micron). Micron's current valuation multiples are near typical trough cycle levels, as the current downturn seems largely priced in, in our view.

Longer term, we believe Micron should continue to benefit from several secular trends in technology, including cloud computing, artificial intelligence, 5G and autonomous computing. All of these developments are expected to help grow long-term demand for DRAM and NAND flash memory. Given the impact of short-term concerns affecting memory demand and pricing, coupled with the company's current valuation and long-term growth potential, we view Micron as offering an appealing value opportunity.

Year-to-Date Briefing

The Brandes U.S. Value Fund fell 2.77% (Class I Shares) for the year ended December 31, 2022, outperforming its benchmark, the Russell 1000 Value Index, which fell 7.54%, and the broader Russell 1000 Index, which declined 19.13%.

Value stocks, as represented by the Russell 1000 Value Index, saw their strongest relative performance year versus the broader index, Russell 1000, in nearly 20 years. This provided a tailwind for the relative performance of the Fund given our value philosophy. The largest driver of the Fund's outperformance relative to the benchmark was our stock selection within the health care and technology sectors, as well as the materials sector. Health care companies Merck and Cigna performed well, as did holdings in pharmaceutical distributors **Cardinal Health** and **McKesson**, all up in a declining overall market. Oil-related companies Chevron and Halliburton also aided returns amid a stronger oil price environment this year. Other contributors included chemical company **Corteva**, defense company General Dynamics, as well as technology companies **Amdocs** and **Flex**.

The largest detractors from returns for the year were the Fund's holdings and overweight in financials, as well as its underweights in staples and utilities. Consumer finance company **OneMain Holdings**, trust bank **Bank of New York Mellon**, and banks **Citigroup**, Truist, and **Bank of America** declined more than the overall market. Semiconductor-related holdings **Applied Materials** and Micron also declined during the year due to concerns about a short-term downturn in the semiconductor cycle amid building inventories.

Other detractors included more cyclically oriented companies such as **FedEx** and **Mohawk** and technology-related companies mentioned earlier in this note like Alphabet and Cognizant.

Current Positioning

As of December 31, 2022, from an industry/sector standpoint, the Fund's largest relative overweight positions remained in the economically sensitive financials sector, the more defensive health care sector, and various areas within the technology sector that are exposed to secular growth at what we consider to be reasonable valuations.

However, strong relative performance for value (Russell 1000 Value) relative to the broad market index (Russell 1000) and notable performance dispersion among sectors helped create new value opportunities and also provided us the opportunity to pare the Fund's exposure to names that neared our estimate of intrinsic value. As the technology sector, especially semiconductor-related companies, underperformed the benchmark, the Fund's relative weight increased as we increased its allocation to existing names

and added new names that looked attractive while the sector became a smaller part of the benchmark.

As semiconductor and semiconductor equipment has been one of the worst performing industries in the benchmark and broader market this year, it is an area where we have increasingly found value opportunities. During the year we purchased **Qorvo** and added to positions in Applied Materials and Micron. At the beginning of the year, the Fund was underweight the industry, but with our recent additions the Fund is now overweight vs. the Russell 1000 Value Index.

We pared some of the Fund's health care holdings as they performed well, but also added to some holdings in the sector, so the Fund's relative weight vs. the benchmark increased during the year. The Fund's overall and relative weight to financials stayed roughly the same, as the sector slightly underperformed the benchmark and we added to a few holdings that declined.

The Fund's most significant underweights are in consumer staples, utilities, and real estate, which generally appear expensive as, from our perspective, investors are overpaying for perceived defensiveness amid an expected economic downturn. We continue to be careful with the Fund's exposure to companies that may be hurt by elevated inflation or those with balance sheet leverage, and instead seek value in the traditionally defensive health care sector.

Despite their solid relative performance this year, U.S. value stocks (MSCI USA Value) continue to trade in the cheapest quintile relative to growth stocks (MSCI USA Growth) across a variety of valuation metrics (e.g., price/earnings, price/cash flow, enterprise value/sales). The discounts at today's levels have often portended attractive returns over a long-term time horizon for U.S. value stocks, and as we have seen this year, our portfolio has a historical tendency to do well when value stocks do well.

While a variety of headwinds face stocks today (e.g., elevated inflation and/or potentially increasing interest rates, slowing economic growth and recession concerns, energy risk, and political and regulatory risks just to name a few), we believe that at today's valuations, value stocks and the Fund's portfolio in particular offer an attractive long-term opportunity. It's important to remember that the Fund's overall positioning is driven from the bottom up, on a company-by-company basis, with a focus on the long term. We take into account many of the economic concerns noted above when we are evaluating a potential investment, estimating the impact they may have on each investment's intrinsic value.

We believe the differences between the Brandes U.S. Value Fund and the broader U.S. market continue to make the Fund an attractive complement to more index-like or growth-oriented alternatives and we remain excited about the Fund's future potential.

Average Annual Total Returns (%) as of December 31, 2022							
Without Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 10/1/2021
Class I	16.66	-2.77	-2.77	--	--	--	2.64
Class A	16.51	-3.03	-3.03	--	--	--	2.58
Class R6	16.74	-2.83	-2.83	--	--	--	2.75
With Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 10/1/2021
Class A	9.84	-8.64	-8.64	--	--	--	-2.17
Russell 1000 Value Index	12.42	-7.54	-7.54	--	--	--	-1.28
Russell 1000 Index	7.24	-19.13	-19.13	--	--	--	-9.95

Operating Expenses: Class I: 4.13% (gross), 0.71% (net) Class A: 3.35% (gross), 0.96% (net) Class R6: 12.15% (gross), 0.61% (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.

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.

Enterprise Value: Market capitalization plus debt, minority interest and preferred shares, minus total cash and cash equivalents.

Enterprise Value/Sales: Enterprise value divided by annual sales.

Margin of Safety: The discount of a security's market price to what the firm believes is the intrinsic value of that security.

Price/Cash Flow: Price per share divided by cash flow per share.

Price/Earnings: Price per share divided by earnings per share.

The MSCI USA Value Index captures large and mid cap U.S. securities exhibiting overall value style characteristics, defined using book value to price, 12-month forward earnings to price, and dividend yield.

The MSCI USA Growth Index captures large and mid cap U.S. securities exhibiting overall growth style characteristics, defined using long-term forward earnings per share (EPS) growth rate, short-term forward EPS growth rate, current internal growth rate, long-term historical EPS growth trend, and long-term historical sales per share growth trend.

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

The Russell 1000 Value Index with gross dividends measures performance of the large cap value 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.

Diversification does not assure a profit or protect against a loss in a declining market place. It is not possible to invest directly in an index. There is no assurance that a forecast will be accurate. Because of the many variables involved, an investor should not rely on forecasts without realizing their limitations.

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.

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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