Brandes International Equity Fund

FUND INFORMATION

Class I:	BIIEX
Class A:	BIEAX
Class C:	BIECX
Class R6:	BIERX

STRATEGY

The Brandes International 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 3/31/2025)

Takeda Pharmaceutical Co Ltd	2.98
Heineken Holding NV	2.61
Sanofi SA	2.55
GSK PLC	2.52
Alibaba Group Holding Ltd	2.47
Samsung Electronics Co Ltd	2.20
Swatch Group AG	2.14
Carrefour SA	2.10
BNP Paribas SA	2.03
Henkel AG & Co KGaA	2.03

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

The Brandes International Equity Fund rose 10.76% (Class I Shares), outperforming its benchmark, the MSCI EAFE Index, which increased 6.86% in the quarter, and underperforming the MSCI EAFE Value Index, which appreciated 11.56%.

Positive Contributors

Top performers included aerospace and defense companies Rolls-Royce in the U.K. and Embraer in Brazil. Both companies appreciated substantially over the past few years as their end markets recovered, leading to better-than-expected earnings with higher volumes and enhanced margins. Rolls-Royce upgraded its fiscal-year guidance and announced a share buyback as its balance sheet strengthened on the back of healthy cash-flow generation. Meanwhile, Embraer secured several new wins against competitors in its defense business. This, coupled with an expanding order backlog for regional jets, has further boosted market confidence in the company's prospects.

Select holdings in the beverage industry, in which we have been finding more opportunities over the past year, also helped returns. Noteworthy contributors included Netherlands-based Heineken Holding and Hong Kong's Budweiser Brewing APAC.

Additionally, financials was one of the best-performing sectors in the benchmark and several of the Fund's holdings showed robust results, notably France-based BNP Paribas and Italian Intesa Sanpaolo. European banks have fared well so far this year, thanks to earnings growth that exceeded expectations and an improved economic environment, which has led to a growth in loans and increased market optimism. We modestly pared some of our holdings following the solid performance and ended the quarter with a significantly lower weight to financials than the benchmark.

Other contributors included China-based Alibaba, Germany's Heidelberg Materials, and French telecom company Orange. Alibaba rose on favorable earnings results and positive reactions to its progress in artificial intelligence (AI). In addition to launching its own AI models, Alibaba benefited from the release of DeepSeek, which utilizes Alibaba Cloud.

Performance Detractors

Many technology-related stocks in the market pulled back, including the Fund's semiconductor holdings STMicroelectronics and Taiwan Semiconductor Manufacturing Company (TSMC). TSMC tumbled amid concerns around semiconductor capital expenditure spending, triggered by the announcement of a significantly lower-cost AI model from DeepSeek. The company also faced investor skepticism about its announced substantial spending in the United States.

Other material detractors included investments in the consumer and communication services sectors, such as advertising agencies WPP and Publicis, luxury goods companies Kering and Swatch, as well as consumer staples holdings Henkel and J Sainsbury.

U.K.-based WPP issued weaker guidance for 2025 as its turnaround has lagged behind the anticipated timeline. The stock price of its France-based peer, Publicis, also declined due to worries about weaker industry growth this year.

Shares of France-based Kering fell after its recently appointed CEO announced a new creative director for the company's Gucci brand. This new hire will likely result in a potential rebound taking longer than the market had previously expected. Additionally, after rising early in the quarter, the luxury goods industry has recently softened as a result of increasing concern about the U.S. macro environment and the potential impact of tariffs on U.S. consumer purchases. While market pessimism has undermined Kering in the short term, we believe the shares continue to offer an attractive long-term opportunity. Kering has historically generated robust free cash flow in different economic environments and enjoys durable brand recognition. We also appreciate its management alignment with shareholders and importantly, its current valuation, which is discounted relative to its own history and that of its peers.

Relative to both the broad and the value indexes, the Fund's underweight to financials was a detractor from returns.

Select Activity in the Quarter

The quarter marked a relatively active period for the Fund. The investment committee divested several companies that appreciated to our estimates of their intrinsic value, including U.K. bank Barclays and German health care services provider Fresenius SE. The investment committee also exited its position in Japan's Nissan Motor early in the quarter after it had risen at the end of last year on speculation of a merger or alliance with Honda Motor.

Additionally, the committee took advantage of short-term and company-specific market negativity to add several new positions to the Fund's portfolio, including retailer Wal-Mart de Mexico, France-based spirits company Pernod Ricard and IT services firm Capgemini, and Canadian agriculture company Nutrien.

Wal-Mart de Mexico (Walmex) became Walmart's first international business through a 1991 joint venture with Mexico's leading retailer, CIFRA. In 1997, Walmart acquired a majority stake in the company. Today, Walmex operates more than 3,000 stores in Mexico and over 900 in Central America, establishing itself as a dominant retailer in Mexico with a market share that is three times that of the #2 and #3 players.

A number of macroeconomic challenges, driven by national elections in Mexico and the United States last year, have pressured Walmex's valuation to its lowest levels in more than a decade. Moreover, late last year, COFECE (commission responsible for anti-competitive regulations in Mexico) initiated an investigation into Walmex's market dominance in the wholesale supply and distribution of consumer goods, which further hurt market sentiment. After we determined that this ruling would not have significant impact on the company's operations, growth, and profitability potential, we decided to invest in Walmex.

We appreciate that Walmex's operating margin has been stable, its free-cash-flow generation and returns on invested capital have been robust, and that the company has a net-cash balance sheet (excluding leases). Trading at a mid-teen multiple of earnings compared to its historic average of mid-twenties, Walmex represents an appealing investment opportunity to us.

Capgemini is a global IT services and consulting company based in France and is a well-regarded partner for many leading software providers such as SAP and Microsoft. Capgemini has enhanced its product mix over time by increasing its exposure to higher value-added offerings with secular growth potential (e.g., digital transformation, cloud, outsourced engineering, research and development, and AI), while reducing its exposure to the low-growth outsourcing segment.

The IT services industry saw significant gains during 2020–2022 as corporations sought to better digitize their capabilities during the pandemic. However, the industry has struggled in the past couple of years as corporate discretionary technology budgets (excluding AI and cybersecurity) declined. While some of its peers are starting to show signs of recovery, Capgemini has lagged in terms of revenue growth. Sentiment soured after the company delivered lower-than-expected revenue guidance, suggesting its potential rebound may take longer than anticipated.

Capgemini currently trades at a marked discount relative to its peers. Although this is partially warranted because of its greater exposure to Europe (approximately 60% of revenues versus most competitors at 20–35%) and to manufacturing (particularly to the cyclically depressed auto industry), we believe the current discount provides a compelling opportunity to own a structurally growing business that has historically generated high returns on capital.

Pernod Ricard is one of the world's largest premium spirits companies, boasting a strong brand portfolio that includes 18 of the top 100 brands, such as Martell, Jameson, Absolut, and Chivas. The company has significant exposure to emerging markets, which account for nearly half of its sales.

Recently, Pernod's shares have been under pressure primarily due to demand weakness in the U.S. and China, which together make up nearly 30% of Pernod's sales. In 2023, the U.S. spirits market experienced a downturn both in volume and value terms for the first time in over a decade. In China, growth expectations for the market remain uncertain due to weak macro environment and downtrading in spirits. Despite these headwinds, we regard Pernod Ricard as a high-quality business with defensive characteristics. We like the company's margin expansion potential from operating leverage and its long-term growth prospects given its end-market exposure. Trading at a low-teen multiple of earnings, Pernod offers a compelling risk/reward tradeoff, in our opinion.

Current Positioning

As of March 31, the Fund has overweight positions in France and emerging markets, and underweight positions in Australia and Japan. From a sector perspective, it holds key overweights to health care and consumer staples, while maintaining meaningful underweights to industrials and financials. As mentioned earlier, the strong performance of several holdings in the financial sector has led to us paring and selling some names, which has resulted in a larger underweight than the start of the year. In contrast, we have continued to find new opportunities in the consumer staples sector and the Fund's overweight has increased.

The first quarter marked a reversal of several market trends that we had observed over the past several years, with international stocks dramatically outperforming U.S. stocks (MSCI EAFE vs. MSCI USA) and value stocks surpassing growth stocks (MSCI EAFE Value vs. MSCI EAFE Growth). We cannot predict if this pattern will continue, but we believe that both international equities and value stocks offer compelling return potential based on their current valuation levels.

Prior to this quarter, U.S. stocks had outperformed international stocks for 15 years. However, that dominance was only partly shaped by company fundamentals, as a strong U.S. dollar and lofty investor enthusiasm driving up valuations (i.e., "multiple expansion") also played a big role on U.S. outperformance. The latter two factors powered approximately 5% annualized of U.S. outperformance versus international markets since 2011, but we believe they are less likely to continue going forward. Even a modest reversal in U.S. dollar strength and valuations for U.S. stocks—like what we recently saw—can be a strong tailwind for international stocks. On a sector-adjusted basis, international stocks continue to trade near some of the largest valuation discounts versus U.S. stocks, which should bode well for value.

Value stocks saw modest recovery during the quarter relative to growth stocks but continue to trade among the cheapest quartile relative to growth stocks on a variety of valuation measures. Historically, such discounts often preceded value outperformance versus growth for the subsequent three to five years. Notably, the Fund—guided by our value philosophy and process—has had the tendency to outperform the benchmark during value-led periods.

Uncertainty is an enduring feature of markets, though unease may seem heightened today compared to much of the past 15 years. Amid these uncertain times, we believe it is prudent to remember that markets evolve over time, and good businesses have the ability to adapt to new environments. Although recently announced tariffs add complications, their impact and duration will vary by industry or company, and a fundamental manager such as Brandes could be well positioned to take advantage of potential market overreactions and underreactions to the changing environment. We will continue to monitor the implementation of tariffs and analyze their impacts on a company-by-company basis.

The Brandes International Equity Fund trades at more compelling valuation levels than the benchmark, in our opinion. Additionally, the Fund's holdings generally have stronger balance sheets than the companies that comprise the MSCI EAFE and MSCI EAFE Value indices, as highlighted by financial leverage metrics, such as net debt to EBITDA (earnings before interest, taxes, depreciation and amortization). Going forward, we remain optimistic about the long-term prospects of our holdings.

Average Annual Total Returns (%) as of March 31, 2025							
Without Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 1/2/1997
Class I	10.76	10.76	12.99	13.73	17.88	6.45	7.88
Class A	10.67	10.67	12.70	13.42	17.56	6.20	7.64
Class C	10.49	10.49	11.88	12.57	16.76	5.59	—
Class R6	10.76	10.76	13.08	13.84	17.99	6.58	7.96
With Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 1/2/1997[1]
Class A	4.30	4.30	6.22	11.20	16.17	5.57	7.41
Class C	9.49	9.49	10.88	12.57	16.76	5.59	—
MSCI EAFE Index	6.86	6.86	4.88	6.05	11.76	5.39	5.07
MSCI EAFE Value Index	11.56	11.56	12.85	9.68	14.76	5.05	5.41

Operating Expenses: Class I: 0.91% (gross), 0.85% (net) Class A: 1.12% (gross), 1.12% (net) Class C: 1.87% (gross), 1.87% (net) Class R6: 0.87% (gross), 0.75% (net)

[1] Fund inception predates MSCI EAFE Value Index inception.

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The Fund commenced operations in 1997. Prior to October 6, 2008, the Fund had only one class of shares (currently designated as Class I shares). Class A shares commenced operations on January 31, 2011, but 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.) Performance shown prior to January 31, 2011 for Class A shares reflects the performance of Class I shares restated to reflect Class A shares loads and expenses. Class C shares commenced operations on January 31, 2013. Performance shown prior to the inception of Class C shares reflects the performance of Class I shares 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 1/2/2005, 8 years after the inception date of the Brandes International Equity Fund. Performance of Class R6 shares shown prior to the inception of Class R6 shares on February 1, 2016, reflects the performance of Class I shares.

The Advisor has contractually agreed to limit the operating expenses through July 15, 2026. 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.

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

Multiple Expansion: an increase in a valuation multiple such as a Price to Earnings multiple.
The margin of safety for any security is the discount of market price to our estimate of intrinsic value.
The MSCI EAFE Index with net dividends captures large and mid cap representation of developed market countries excluding the U.S. and Canada.
The MSCI EAFE Value Index with gross dividends captures large and mid cap securities across developed market countries, excluding the United States and Canada, exhibiting value style characteristics, defined using book value to price, 12-month forward earnings to price, and dividend yield.
The MSCI EAFE Growth Index with gross dividends captures large and mid cap securities across developed market countries, excluding the United States and Canada, exhibiting 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.
The MSCI USA Index measures the performance of the large and mid cap segments of the U.S. equity market.

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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.

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.

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