Brandes Core Plus Fixed Income Fund

FUND INFORMATION

Class I:	BCPIX
Class A:	BCPAX
Class R6:	BCPRX

STRATEGY

The Fund seeks to maximize long-term total return, consisting of both current income and capital appreciation.

TEN LARGEST CORPORATE ISSUERS

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

Issuer	%
United States Treasury Note	62.51
Fannie Mae Pool	2.59
Freddie Mac Pool	2.40
Prime Security Services	1.95
USB Capital IX	1.82
Bank of America Corp	1.56
VMware LLC	1.41
Citigroup Inc	1.38
Ford Motor Credit Co LLC	1.24
Netflix Inc	1.23

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

Market Overview

By the standards of the past few years, the start of 2024 has been relatively benign – no global pandemic (2020 & 2021), no beginning of a significant rate hike cycle (2022), and no banking chaos (2023). During the first quarter, equity markets moved higher, credit spreads moved tighter, and interest rates moved upwards as the continued resilience in the U.S. economy forced investors to rethink the timing and number of rates cuts for the coming year.

At the end of 2023, the closely watched median fed dot plot projected three 25bps (basis points) rate cuts in 2024, for a total of 75bps. The market at that time, however, was projecting a total of 175bps in rate cuts. We've spoken repeatedly about the disconnect between the market and the Fed (Federal Reserve Bank) on the timing and magnitude of rate cuts. The consistent theme of the past few years has been a market that seems overly eager to get rate cuts started.

Complicating the Fed's ability to feed investor desires for lower rates is economic data that's not only continued strong, but also has been surprising the market to the upside. There has been a consistent string of economic reports surprising the market to the upside since the Fed's first rate hike in March 2022, other than a brief blip in early 2023. The first three months of 2024 have seen an acceleration in *upside surprises* in economic data as demonstrated by the US Citigroup Economic Surprise Index, which has ultimately led the market to price in rate cuts starting later in the year and fewer overall – leading to a rise in U.S Treasury rates during the quarter.

We believe that the primary reason that the Fed and investors are eager to see rate cuts as soon as possible is that it seems they assume that the current fed funds rate is indeed restrictive. We would question this. The Bloomberg U.S. Financial Conditions Index shows that financial conditions are *easier now* than when the Fed began its rate hikes. If so, why do many investors still think the current fed funds rate is restrictive and thus keep planning for imminent rate cuts?

In an ideal world, there should be little distinction between what a central bank like the Fed should do and what it will do. The Fed seems intent on easing policy despite stubborn inflation data and a clear easing of financial conditions over the past several months. Let's hope market pressure for lower rates does not push the Fed into policy errors like those made in the 1970s.

Fund Performance

In the first quarter, the Brandes Core Plus Fixed Income Fund returned 0.11% (Class I Shares), outperforming its benchmark, the Bloomberg U.S. Aggregate Bond Index, which returned -0.78%. .

Corporate bonds provided the largest positive contribution to returns during the quarter. Within corporate bonds, performance during the period was led by corporate bond holdings in information technology (MicroStrategy), utilities (FirstEnergy Corp.), banking (US Bank and Goldman Sachs), and healthcare (Tenet Healthcare).

Term-structure positioning was a positive factor during the quarter. U.S. Treasury yields rose during the period as the market began to reassess both the timing and number of fed funds rate cuts during 2024. Near the end of September 2023, we moved the duration of the portfolios to 90% of the benchmark's duration – a level that we have maintained throughout the first quarter.

The portfolios' underweight to agency mortgage-backed securities (MBS) aided returns as that sector was one of the few taxable fixed income sectors to post negative returns versus U.S. Treasuries.

Select holdings in services (ADT Inc) and telecom (Telecom Italia) modestly detracted from performance.

Portfolio activity was light during the quarter. The portfolios added a new position in first lien bonds from Univision Communications (8.00% coupon, maturing 8/15/28, rated B1/B+).

Univision Communications is a leading Hispanic media company in the U.S. and Mexico. It operates 36 cable networks and 59 owned or operated television stations. In January 2022, Univision merged with Televisa – its primary content provider – to form a new company TelevisaUnivision.

Given the growth of Spanish speaking population in the U.S. along with Univision's position as the leader in distribution assets and (with the recent merger) content, we view this as among the healthiest categories in broadcasting. Revenues are growing, whereas many firms in the industry are experiencing declining revenue. Cash flow is currently neutral to slightly negative as the company is investing in its direct-to-consumer (DTC) streaming option. We believe that DTC losses have peaked, and that income generated from this initiative will allow the company to grow earnings and cash flow as the service gains scale.

During the quarter we sold our position in MicroStrategy as it reached our estimate of fair value. We also experienced a full call in our holding of Tenet Healthcare.

Outlook

There are two important themes that we have highlighted in previous quarters that should still guide how we position and manage the strategy in today's market.

The first theme is our view that while fixed income yields are at attractive levels, valuations are stretched. Yields offered by corporate bonds are near the highest we have seen in nearly 15 years, which has led to considerable optimism about the asset class. As we have explained previously, a closer look indicates that the rise in yield on corporate bonds is largely attributable to the increase in Treasury yields rather than a cheapening of overall credit spreads. The corporate market appears to be *priced for perfection* with credit spreads at or near their tightest levels in several decades. Accordingly, we believe caution is warranted when allocating to the sector.

The second theme is that after nearly seventeen years of unconventional and near-zero rate monetary policy, there exists a paucity of experience and perspective among investors leading to a distorted view of what a *normal* interest rate environment is. Many investment professionals who are less than fifteen years into their careers don't seem to realize that in the fifteen-year period leading up to the Global Financial Crisis, the average rate on the 10-year U.S. Treasury was 5.5%, in contrast with their own apparent perception of *normal* being near zero rates. The market does not seem to give much weight to the notion that the current fed funds rate is not restrictive. That is a risk to monitor as we move forward.

We share some of the optimism as overall yields in the corporate bond market are the highest they have been since 2009. Our main caution, however, is that we believe it is important to remain disciplined in what one buys. Higher yields are welcome for long-term savers and investors, but a potential burden for companies as they are staring at refinancing upcoming maturities at much higher costs. The takeaway in our view is that deep, measured, fundamental research is essential as we move forward in an environment where idiosyncratic risks appear to be on the rise. We believe it's critical to be patient when adding positions: not just know what you own but why you own it.

For a considerable period now, we have attempted to tilt the strategy into what we believe is a defensive posture to mitigate some of the potential detrimental impact of rising interest rates and widening yield spreads. We believe that this remains a risk. Accordingly, the strategy continues to favor shorter-maturity corporate bonds and those that we believe exhibit strong, tangible asset coverage. We are managing duration approximately 10% shorter than the strategy's benchmark. We have a meaningful allocation to U.S. Treasuries and if market uncertainty and volatility continue to cause credit fundamentals to become mispriced relative to our estimates of intrinsic value, then we will look to redeploy some of those Treasury holdings thoughtfully and effectively to take advantage of opportunities. We remain underweight agency mortgage-backed securities.

As we move forward, we believe prudence dictates that we continue our search for value in a measured and deliberate manner while continuing to tilt the strategy to what we believe is a relatively defensive posture.

Average Annual Total Returns (%) as of March 31, 2024							
Without Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 12/28/2007
Class I	0.11	0.11	3.90	-0.68	1.23	1.82	2.93
Class A	0.18	0.18	3.81	-0.87	1.04	1.58	2.65
Class R6	0.11	0.11	3.95	-0.03	1.98	2.34	3.28
With Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 12/28/2007
Class A	-3.63	-3.63	-0.05	-2.12	0.27	1.19	2.41
Bloomberg U.S. Aggregate Bond Index	-0.78	-0.78	1.70	-2.45	0.36	1.54	2.80

Operating Expenses: Class I: 0.67% (gross), 0.31% (net) Class A: 0.89% (gross), 0.51% (net) Class R6: 0.65% (gross), 0.31% (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 of A Shares without load does not reflect maximum sales charge of 3.75%. If reflected, the load would reduce the performance quoted.

Class I shares commenced operation on December 28, 2007. Class S shares never commenced operations. They were re-designated as Class A shares and commenced operations on January 31, 2013. Performance shown prior to the inception of Class A shares on January 31, 2013, reflects the performance of Class I shares, restated to reflect Class A sales loads and expenses.

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 Bloomberg U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. This index is a total return index which reflects the price changes and interest of each bond in the index.

The US Citigroup Economic Surprise Index represents the difference between official economic results and forecasts.

The Bloomberg U.S. Financial Conditions Index tracks the overall level of financial stress in the U.S. money, bond, and equity markets to help assess the availability and cost of credit.

First lien bonds are senior to all other bonds of an issuer so that first lien bond holders are paid back before all other debt holders. A lien is the legal right of a creditor to seize property from a borrower that has failed to repay the creditor.

Bond ratings are grades given to bonds that indicate their credit quality as determined by a private independent rating service such as Standard & Poor's. The firm evaluates a bond issuer's financial strength, or its ability to pay a bond's principal and interest in a timely fashion. Ratings are expressed as letters ranging from 'AAA', which is the highest grade, to 'D', which is the lowest grade. In limited situations when the rating agency has not issued a formal rating, the Advisor will classify the security as nonrated.

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. As with most fixed income funds, the income on and value of your shares in the Fund will fluctuate along with interest rates. When interest rates rise, the market prices of the debt securities the Fund owns usually decline. When interest rates fall, the prices of these securities usually increase. Generally, the longer the Fund's average portfolio maturity and the lower the average quality of its portfolio, the greater the price fluctuation. The price of any security owned by the Fund may also fall in response to events affecting the issuer of the security, such as its ability to continue to make principal and interest payments or its credit rating. Below investment grade debt securities are speculative and involve a greater risk of default and price change due to changes in the issuer's creditworthiness. The market prices of these debt securities may fluctuate more than the market prices of investment grade debt securities and may decline significantly in periods of general economic difficulty. The Fund may hold illiquid securities which may reduce the return of the Fund because it may be unable to sell such illiquid securities at an advantageous time or price. Illiquid securities may also be difficult to value. The Fund is actively managed, and may frequently buy and sell securities. Frequent trading increases a Fund's portfolio turnover rate and may increase transaction costs, such as brokerage commissions and taxes, which in turn could detract from the Fund's performance.

Investing in foreign securities poses additional risks. The performance of foreign securities can be adversely affected by the different political, regulatory 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 may experience substantial fluctuations or steady devaluation relative to the U.S. dollar. Mortgage-related securities are subject to certain additional risks. Rising interest rates tend to extend the duration of mortgage-related securities, making them more sensitive to changes in interest rates. As a result, when holding mortgage-related securities in a period of rising interest rates, a Fund may exhibit additional volatility. In addition, mortgage-related securities are subject to prepayment risk. When interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce the returns of a Fund because it will have to reinvest that money at the lower prevailing interest rates.

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.

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

The Brandes Core Plus Fixed Income Fund is distributed by ALPS Distributors, Inc.

BII001668 7/31/24