

# Brandes Emerging Markets Value Fund

## FUND INFORMATION

Class I:	BEMIX
Class A:	BEMAX
Class C:	BEMCX
Class R6:	BEMRX

## STRATEGY

The Fund seeks long-term capital appreciation by investing in equity securities of issuers in developing markets it believes are undervalued relative to their financial strength and upside potential.

## TOP TEN HOLDINGS

(% of assets as of 6/30/2024)

Taiwan Semiconductor Manufacturing Co Ltd	9.24
Samsung Electronics Co Ltd	5.07
Embraer SA	3.57
Alibaba Group Holding Ltd	3.46
HDFC Bank Ltd	3.32
Erste Group Bank AG	3.00
Petroleo Brasileiro SA	2.54
Contemporary Amperex Technology Co Ltd	2.29
Bank Rakyat Indonesia Persero Tbk PT	2.18
Midea Group Co Ltd	2.12

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

The Brandes Emerging Markets Value Fund declined 1.00% (Class I Shares), underperforming its benchmark, the MSCI Emerging Markets Index, which was up 5.00% in the quarter, and the MSCI Emerging Markets Value Index, which gained 5.08%.

## Positive Contributors

Standout contributors included holdings in financials, led by India-based HDFC Bank, Austria-domiciled Erste Group, and U.K.-headquartered HSBC Holdings.

Semiconductor holdings SK Hynix and Taiwan Semiconductor Manufacturing Company (TSMC) also helped returns, along with telecom companies Indus Towers and Millicom International Cellular.

TSMC received Taiwanese government approval to finance the construction of manufacturing facilities in Japan and the U.S., positioning it to support the growing demand for artificial intelligence and high-performance computing technologies. Additionally, TSMC and SK Hynix signed a memorandum of understanding to collaborate on the development of next-generation high bandwidth memory (HBM) and advanced packaging technology.

## Performance Detractors

Mexico was among the worst-performing markets in the benchmark as the presidential election results led to investor concerns about the potential for less market-friendly policies by the new government. Several of our holdings were impacted by the negative market sentiment, most notably real estate investment trusts Fibra Uno and Terrafina, household products company Kimberly-Clark de Mexico, and Cemex. Moreover, our overweight hurt relative returns.

Amid the macroeconomic challenges, we maintain confidence in the company fundamentals of our holdings in Mexico. In our opinion, they are well managed, with low susceptibility to government intervention and long histories navigating turbulent times.

Beyond Mexico, several of our holdings in China weighed on performance, including solar modules manufacturer LONGi Green Energy Technology and specialty retailer Topsports International. Other detractors included Bank Rakyat Indonesia and Brazilian grocer Sendas Distribuidora.

Bank Rakyat Indonesia delivered weaker-than-expected results due to rising credit costs, while also lowering its net-interest-margin outlook and noting a deterioration in asset quality for its small and micro business segment. We view these issues as temporary and took advantage of the share-price pressure to add to our position.

## Select Activity in the Quarter

The emerging markets investment committee initiated positions in Hong Kong-domiciled China Resources Beer and China-based NetEase.

China Resources Beer (CR Beer) is the largest brewer in China by volume. With approximately 25% market share, CR Beer outpaces competitors such as Tsingtao Brewery and Budweiser APAC, which hold approximately 19% and 16% share, respectively. CR Beer's diverse portfolio includes beer brands strategically positioned for different consumer segments. The flagship brand, Snow, caters to the mainstream

segment. It also partners with Heineken—in addition to offering its own premium Snow brand variants—to target the sub-premium segment and above.

CR Beer's shares currently trade at depressed valuation multiples compared to both their own historical averages and to peers. Post-COVID consumption recovery in China has been slower than anticipated, and the country faces a potentially weak economic outlook over the medium to long term. Additionally, downtrading (i.e., consumers shifting to lower-priced products) puts further pressure on CR Beer's prospects.

We believe these headwinds—and the resulting depressed valuation levels—have provided a good entry point for an investment in CR Beer. In our view, the company is well positioned to take advantage of the long-term beer premiumization trend in China, especially given its partnership with Heineken and its ability to maintain market leadership. We also appreciate CR Beer's historically robust free-cash-flow generation and solid returns on capital, especially during the tumultuous past three years. The company's management team, known for its efficiency improvement initiatives, adds to the stock's appeal. At its current price, CR Beer offers an attractive risk/reward to us.

Besides the new purchases, major portfolio activity included the full sells of Indian electric utility NTPC and Singapore-based bank DBS Group, which both appreciated to our estimates of their intrinsic values.

## Year-to-Date Briefing

The Brandes Emerging Markets Value Fund returned 2.32% (Class I Shares), underperforming its benchmark, the MSCI Emerging Markets Index, which was up 7.49% in the six months ended June 30, 2024, and the MSCI Emerging Markets Value Index, which gained 6.46%.

Holdings in the industrials and financials sectors helped returns, led by Brazilian regional jet manufacturer Embraer, South Korean Hana Financial Group, and Panama-based Banco Latinoamericano. Taiwanese TSMC and Wiyynn Corporation also lifted performance, along with India's Indus Towers.

As was the case for the quarter, holdings in China, Indonesia, and Mexico detracted from performance, most notably LONGi Green Energy Technology, TravelSky Technology, Topsports International, Fibra Uno, and Bank Rakyat Indonesia. Other detractors included Sendas Distribuidora and Taiwanese financial services firm Chailease Holding.

## Current Positioning

The Fund weightings from geographic and sector perspectives were largely unchanged in the quarter. We continue to find value potential in Latin America through our diversified positions in telecommunications, utilities, energy, and real estate, while maintaining underweights to India and Taiwan.

On a sector basis, the Fund holds overweights to real estate, consumer staples, industrials, and financials. Meanwhile, key underweights remain in the materials, health care, energy, and information technology sectors.

As of June 30, 2024, the Brandes Emerging Markets Value Fund trades at more compelling valuation levels than the benchmark, in our opinion. We believe the current fundamentals of our holdings bode well for the long term, and we are excited about the Fund's prospects.

## Average Annual Total Returns (%) as of June 30, 2024

Without Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 8/20/1996
Class I	-1.00	2.32	9.38	-0.79	1.15	0.47	6.23
Class A	-0.98	2.25	9.24	-0.99	0.93	0.23	6.00
Class C	-1.24	1.76	8.23	-1.77	0.27	-0.31	—
Class R6	-0.97	2.32	9.48	-0.72	1.27	0.59	6.32
With Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 8/20/1996 <sup>1</sup>
Class A	-6.67	-3.63	2.96	-2.93	-0.26	-0.36	5.78
Class C	-2.22	0.76	7.23	-1.77	0.27	-0.31	—
MSCI Emerging Markets Index	5.00	7.49	12.55	-5.06	3.09	2.79	5.51
MSCI Emerging Markets Value Index	5.08	6.46	14.13	-1.09	2.91	1.96	—

Operating Expenses: Class I: 1.14% (gross), 1.12% (net) Class A: 1.35% (gross), 1.35% (net) Class C: 2.10% (gross), 2.10% (net) Class R6: 1.10% (gross), 0.97% (net)

<sup>1</sup> Fund inception predates MSCI Emerging Markets Value Index inception.

*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.*

Prior to January 31, 2011, 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 commenced operations on January 31, 2011, while Class C shares commenced operations 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 prior to January 31, 2011 is that of the private investment fund managed by the Advisor that is the predecessor of the Fund not adjusted for Fund expenses. Performance shown prior to January 31, 2011, for Class A shares reflects the performance of the private investment fund 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 January 31, 2011 and the performance of Class I shares for the period from February 1, 2011 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 8/20/2004, 8 years after the inception date of the Brandes Emerging Markets Value Fund. Class R6 shares commenced operations on July 11, 2016. Performance shown prior to the inception of Class R6 shares reflects the performance of Class I shares.

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.

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

The MSCI Emerging Markets Index with net dividends captures large and mid cap representation of emerging market countries. Data prior to 2001 is gross dividend and linked to the net dividend returns.

The MSCI Emerging Markets Value Index with gross dividends captures large and mid cap securities exhibiting value style characteristics, defined using book value to price, 12-month forward earnings to price, and dividend yield.

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**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. Investments in small and medium capitalization companies tend to have limited liquidity and greater price volatility than large capitalization companies. Growth stocks typically are more volatile than value stocks; however, value stocks have a lower expected growth rate in earnings and sales.**

*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.*

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