Brandes Global Equity Fund

FUND INFORMATION

Class I:	BGVIX
Class A:	BGEAX
Class C:	BGVCX

STRATEGY

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

TOP TEN HOLDINGS

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

Rolls-Royce Holdings PLC	3.14
Wells Fargo & Co	2.95
Embraer SA	2.71
UBS Group AG	2.71
GSK PLC	2.53
Erste Group Bank AG	2.42
Sanofi SA	2.40
Heidelberg Materials AG	2.39
Shell PLC	2.27
TotalEnergies SE	2.17

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

The Brandes Global Equity Fund rose 9.71% (Class I Shares), outperforming its benchmark, the MSCI World Index, which gained 8.88% in the quarter, and the MSCI World Value Index, which increased 7.49%.

Positive Contributors

The fund's outperformance was primarily attributed to stock selection across various sectors, with notable contributions from industrials and materials. Aerospace and defense companies Rolls-Royce and Embraer, as well as construction materials firm Heidelberg Materials, stood out as leading contributors.

Both Rolls-Royce and Embraer continued to benefit from recoveries in their commercial aerospace end-markets, resulting in improved cash-flow generation and stronger balance sheets. This positive development has mitigated the downside risks associated with the investments, while amplifying their upside potential. Consequently, we revised our intrinsic value estimates for these companies upward and believe they continue to offer attractive margins of safety at current valuation levels. The margin of safety for any security is the discount of market price to our estimate of intrinsic value.

Our technology holdings, particularly semiconductor-related firms such as Taiwan Semiconductor and U.S.-based Micron Technology, also delivered solid performance. This was fueled by the improving semiconductor market and rising demand for semiconductor content, driven at least partially by the proliferation of artificial intelligence (AI) applications. German software company SAP also experienced a rise in its share price.

U.S. money center banks Citigroup and Wells Fargo sustained their positive momentum from the fourth quarter, contributing further to the Fund’s outperformance.

Performance Detractors

Among our holdings, detractors included Spain-based Grifols, as well as several emerging markets holdings, such as Alibaba, Ambev, Topsports International Holdings, and Kasikornbank.

Biotechnology firm Grifols grappled with multiple declines in its share price following a short seller’s report that questioned the company’s accounting and corporate governance practices. In our opinion, the risks highlighted in the report had been largely known, and we maintained our modest-sized position in the company despite the volatility—albeit now at a lower weighting due to the share-price decline. While we have long been concerned with the company’s balance sheet, there is a potential near-term catalyst for its improvement as Grifols is expected to complete the sale of its ownership stake in Shanghai RAAS in the first half of this year and use the proceeds to pay down a significant portion of its debt.

We continue to believe there is potentially meaningful upside in the stock. Grifols’ plasma business weathered considerable challenges amid the COVID-19 pandemic, including decreased blood donations and higher costs associated with compensating donors. The company had also made substantial investments to expand capacity for future growth, which further weighed on its profitability. While the recovery has been slower than anticipated, assuming the Shanghai RAAS transaction concludes as expected, Grifols appears attractively valued to us, trading at a single-digit multiple of pre-COVID earnings. Additionally, we appreciate Grifols’ competitive position in a consolidated industry with appealing long-term potential growth.

Relative to the MSCI World Index, our underweight to technology companies also detracted from performance, given the notable appreciation of a few companies in the sector within the benchmark.

Select Activity in the Quarter

The investment committee initiated new positions in Switzerland-based luxury goods business Compagnie Financiere Richemont and Canadian aerospace and defense company CAE, while divesting our holdings in semiconductor equipment firm Applied Materials and multinational financial institution JPMorgan Chase.

CAE supplies simulation equipment and integrated pilot training services to both civil aviation and military customers. Competing in a market dominated by two key players (the other being Flight Safety), CAE boasts the world's largest installed base of full-flight simulators. Over the past 20 years, CAE has diversified into the less cyclical pilot training business, offering training services through a global network of over 250 civil aviation and military training locations across 40 countries. The company derives 40% of its revenues from simulation products and 60% from training and services.

Our coverage of CAE began in 2011, and since then, our assessment of the company's core franchise quality remains unchanged. It is notable that during the COVID-19 pandemic, CAE took significant steps to strengthen its competitive position and improve industry structure. Firstly, the company leveraged its financial strength to complete a series of opportunistic acquisitions, purchasing nine companies at what we deemed attractive prices. This has helped CAE consolidate end-markets and expand its capabilities. Secondly, it restructured its cost base, closing nine plants and removing $70 million in annualized costs that resulted in a 1.5% margin benefit on sales. Lastly, CAE expanded its relationship with mainline airlines, which chose to outsource an increasing share of their internal training needs. To satisfy this new demand, CAE embarked on a heavy capital expenditure cycle over the course of the pandemic that we believe will benefit shareholders in the years ahead.

The opportunity to initiate a position in CAE came as investors have been concerned about recent margin weakness within the company's defense segment. However, we view these challenges as temporary. Inflation and supply chain pressures have started to ease, Many of CAE's under-earning, fixed-price contracts are set to expire by 2025. We expect that CAE is positioned to improve its profitability as legacy fixed priced contracts roll over and as new high-margin defense contracts begin to ramp up. The company has given guidance for mid-double-digit margins on new contracts versus mid-single digit on legacy fixed-price contracts that were impacted by pandemic-related cost pressures.

CAE's investment case is supported by its dominant position within flight simulation and pilot training services that offer moat-like characteristics, strong free cash flow and high tangible returns on capital with favorable medium-term growth characteristics. The company also has access to attractive financing in the form of perpetual, zero-cost loans from the Canadian government for research and development initiatives.

We initially bought Applied Materials, the world's largest supplier of wafer fabrication equipment for semiconductor production when its shares declined in 2022 due to concerns about industry-wide semiconductor capital expenditures (capex). Although near-term earnings expectations were undermined by the cyclical downturn, we believed Applied Materials was well-positioned to capitalize on increased silicon intensity over the medium-term. Driven by rising need for DRAM and NAND memory, as well as the expanding use case for semiconductors across a variety of end-markets, we foresaw a potential uptick in demand for production equipment from companies like Applied Materials. Looking beyond short-term fluctuations, we anticipated that greater long-term semiconductor capex spending would be necessary to drive bit growth if the underlying requirement for memory chips and other semiconductors remained robust. With Applied Materials' stock price dipping below its historical trading multiples, we saw an attractive long-term risk/reward tradeoff.

The market has increasingly favored semiconductor-related companies because of rising demand driven primarily by AI. We opted to sell our position in Applied Materials after the shares rose over the past 18 months and they reached our estimate of their intrinsic value.

Current Positioning

The Brandes Global Equity Fund continues to hold its key positions in the economically sensitive financials sector and the more defensive health care sector. Our largest sector underweight remains to technology, which rose above a 20% allocation in the MSCI World Index due to its price appreciation this past year. Our allocation is under half the benchmark weighting.

Geographically, we continue to hold overweight positions in the United Kingdom, France, and emerging markets, while maintaining underweights to the United States and Japan.

Within the benchmark, a wide dispersion of sector performance has continued, with companies in the technology and communication services sectors materially outperforming the broad index. Meanwhile, more defensive groupings—such as consumer staples, utilities, and health care—have underperformed. We have begun to notice more attractively valued companies in these sectors and have modestly increased our allocation over the past year.

We believe that the current fundamentals of the Fund's holdings bode well for the long term. As of March 31, 2024, the Brandes Global Equity Fund trades at more compelling valuation levels than the benchmark, in our opinion, and the Fund's holdings in aggregate have stronger balance sheets than the companies that comprise the MSCI World and MSCI World Value indices, as highlighted by leverage metrics such as net debt to EBITDA (earnings before interest, taxes, depreciation and amortization).

With the valuation gap between value and growth stocks widening in the past year, we are increasingly optimistic about the return potential for value stocks. Following the performance of the growth index, fueled largely by a few U.S. tech-related companies, value stocks are trading at the largest discount relative to growth stocks (MSCI World Value vs. MSCI World Growth) since the inception of the style indices. This valuation disparity is evident across various metrics, such as price/earnings, price/cash flow and enterprise value/sales. Historically, such valuation differentials have often signaled attractive future returns for value stocks over longer term horizons.

Notably, the Fund, guided by our value philosophy and process, has tended to outperform the benchmark when value stocks have outperformed the MSCI World Index. We believe the Fund is an excellent complement and diversifier to passive and growth-oriented strategies. Going forward, we remain optimistic about the long-term prospects of the Fund’s holdings.

Average Annual Total Returns (%) as of March 31, 2024							
Without Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 10/6/2008
Class I	9.71	9.71	26.69	10.69	11.18	6.99	8.02
Class A	9.59	9.59	26.38	10.41	10.91	6.72	7.77
Class C	9.40	9.40	25.44	9.60	10.08	6.08	7.34
With Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 10/6/2008
Class A	3.28	3.28	19.10	8.25	9.61	6.09	7.36
Class C	8.40	8.40	24.44	9.60	10.08	6.08	7.34
MSCI World Index	8.88	8.88	25.11	8.60	12.06	9.39	9.89
MSCI World Value Index	7.49	7.49	18.78	7.63	8.33	6.43	7.62

Operating Expenses: Class I: 1.21% (gross), 1.00% (net) Class A: 1.43% (gross), 1.25% (net) Class C: 2.18% (gross), 2.00% (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.*

Class I shares commenced operations on October 6, 2008. 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 sales 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 and since inception periods assumes that Class C shares automatically converted to Class A shares 8 years after the start of the period.

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 MSCI World Index with net dividends captures large and mid cap representation of developed markets.

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

The MSCI World Growth Index with gross dividends captures large and mid cap securities across developed market countries 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.

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. 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. Read carefully before investing.

The foregoing reflects the thoughts and opinions of Brandes Investment Partners® exclusively and is subject to change without notice.

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