

Brandes International Equity Fund

FUND INFORMATION

Class I:	BIIX
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 12/31/2024)

Takeda Pharmaceutical Co Ltd	3.06
Alibaba Group Holding Ltd	2.71
Heineken Holding NV	2.51
GSK PLC	2.24
Samsung Electronics Co Ltd	2.20
Sanofi SA	2.19
UBS Group AG	2.12
BNP Paribas SA	2.10
Embraer SA	2.10
Swatch Group AG	2.07

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

The Brandes International Equity Fund declined 8.69% (Class I Shares), slightly underperforming its benchmark, the MSCI EAFE Index, which fell 8.11% in the quarter, and underperforming the MSCI EAFE Value Index, which dropped 7.12%.

Positive Contributors

Amid a declining market, major contributors included holdings in materials and industrials.

While materials was the worst-performing sector in the benchmark, the Fund's holdings held up relatively well, contributing positively to both absolute and relative returns. Notably, Germany's Heidelberg Materials rose on improved earnings results and guidance.

Within industrials, holdings in the aerospace and defense industry continued to be solid performers. Our recent purchase, CAE in Canada, reported strong earnings, as did Brazilian Embraer and U.K.-based Rolls-Royce. Given the upward trajectory of Rolls-Royce's share price this year, its margin of safety (the discount of market price to our estimate of intrinsic value) has decreased, leading us to pare our position and redeploy capital in other opportunities that we deem more attractive.

Beyond holdings in materials and industrials, contributors included U.K.-based advertising agency WPP and Austrian bank Erste Group. Additionally, Nissan Motor rose toward the end of the quarter on its potential strategic alliance with Honda.

Performance Detractors

Notable detractors included consumer holdings with exposure to China, such as Alibaba, Hong Kong-based Budweiser Brewing APAC, and Switzerland-based Swatch Group. After a sharp rise at the end of the third quarter, many Chinese stocks pulled back at the start of the fourth quarter as market optimism on Chinese government stimulus appeared to have been overdone.

Additionally, health care was the second-worst performing sector in the benchmark, and our overweight hurt relative returns.

Other detractors included U.K. home improvement retailer Kingfisher and Netherlands-based Heineken Holding. After strong performance earlier this year, Kingfisher's share price retreated as the company announced weaker-than-expected earnings and its ongoing operational turnaround may take longer than the market anticipated.

Select Activity in the Quarter

The investment committee initiated positions in Japanese tire company Bridgestone and Netherlands-based semiconductor firm STMicroelectronics.

STMicroelectronics (STM) is a semiconductor supplier with a diverse product portfolio serving the automotive, industrial, personal electronics, and communications equipment markets. STM holds a strong market position in automotive semiconductors, general purpose micro-controllers, and power semiconductors. These markets are expected to see attractive growth over the next decade, driven by the adoption of electric vehicles, advanced driver-assistance systems (ADAS), and the proliferation of connected devices (Internet of Things/IoT), which will increase semiconductor content in autos and devices.

However, weakness in the auto semiconductor market this year, which represents around 40% of STM's revenue, has led to a decline in sales. The company has subsequently cut its earnings guidance, resulting in significant market negativity. Consequently, STM is currently trading at a substantial valuation discount relative to its history and many semiconductor peers. While the company's margins are expected to contract in the near term, we believe that its current challenges are largely cyclical, and that the growing semiconductor content demand should lead to a recovery in its auto and industrial end markets.

Although we cannot predict the timing for a recovery, STM's exposure to secular growth drivers and its strong market positions support a positive long-term outlook, in our opinion. Similar to our purchase of Infineon earlier this year, we believe STM represents a compelling opportunity at its current valuation level, with strong growth potential despite cyclical challenges.

Other portfolio activity included the divestments of U.K.-based tobacco company Imperial Brands and retailer Marks and Spencer, as well as Chinese battery manufacturer Contemporary Amperex Technology. We exited our positions as they reached our estimates of intrinsic value.

Marks and Spencer is the largest U.K. apparel retailer by value, with that division accounting for approximately half the company's profit and the other half coming from its premium food retail business. Over the last seven years, Marks and Spencer has been executing a strategic plan to turn its business around by reducing promotions, cutting range options, improving cost efficiency, and improving capital investments. While these improvements started before the pandemic, the company saw its clothing and home business, as well as part of its food business, significantly impacted by COVID. Additionally, concerns about economic weakness in the U.K. contributed to a severely discounted valuation in 2020-2022.

At the time, we were attracted to Marks and Spencer's free-cash-flow generation, property ownership, and its defensive food business. Over the last two years, the share price has rebounded meaningfully as the company has shown consistent sales and earnings growth, driven by continued market share gain in its food business and the successful turnaround of its apparel business. As a result, consensus earnings estimates have improved, along with market sentiment for the company's prospects. Following the significant rally this year, we divested our holding as the share price exceeded our estimate of intrinsic value.

Year-to-Date Briefing

The Brandes International Equity Fund rose 7.17% (Class I Shares), outperforming its benchmark, the MSCI EAFE Index, which appreciated 3.82% for the year ended December 31, 2024, and the MSCI EAFE Value Index, which rose 5.68%.

While value outperformance created a favorable performance environment for the Fund, it was stock selection across several sectors that drove relative returns. The most significant contributors were holdings in technology, industrials, materials, and consumer staples. Leading performers included Rolls-Royce, Embraer, CAE, and Contemporary Amperex Technology in industrials; Heidelberg Materials in materials; Tesco in consumer staples; and Taiwan Semiconductor Manufacturing Company and SAP in technology.

Other contributors included several financial holdings such as Austria-domiciled Erste Group, Italy's Intesa Sanpaolo, and U.K.-based Barclays. Financials was the best-performing sector in the benchmark, and our holdings did better than those in the index, although our underweight detracted from relative returns.

Major detractors included luxury goods companies Kering and Swatch, as well as consumer staples holdings Heineken Holding, Carrefour, and Ambev. Consumer staples was among the weakest areas in the benchmark, and our overweight detracted partially from our strong stock selection within the sector.

Other poor performers included emerging markets holdings Samsung and Fibra Uno, as well as Spain-based blood plasma company Grifols.

Current Positioning

The Fund maintains overweight positions in France and emerging markets, while remaining underweight in Australia and Japan. The Fund is now only slightly overweight the U.K. relative to the benchmark, as we sold and pared select positions following their notable performance this year.

The international equity market (MSCI EAFE) experienced significant performance dispersion among sectors this year, with several sectors appreciating by double digits while others declined by double digits. We believe this has resulted in an appealing environment for an active international value manager like Brandes, as indicated by the uptick in our portfolio activity.

Compared to the benchmark, the Fund has higher allocations to communication services, health care, consumer discretionary, and consumer staples, while holding meaningfully lower allocations to industrials and financials. The Fund's underweight to financials increased this year. The sector was the best-performing area in the benchmark and several of our holdings did well, leading us to fully exit or pare positions that have reached or neared our estimates of their intrinsic values. We have largely deployed these proceeds into opportunities in industrials, technology, consumer discretionary, and consumer staples.

We have observed increased aversion to owning international equities given the robust performance of U.S. stocks. The valuation gap between U.S. and international stocks (MSCI USA vs. MSCI EAFE) has widened as 2024 marked the largest outperformance year for U.S. stocks relative to international stocks since 1997. As a result, U.S. stocks now trade at their most expensive levels relative to international stocks since the inception of the MSCI indices in 1970, even when adjusting for the sector differences. While the fundamentals of U.S. companies have been strong, nearly all of the outperformance was driven by the eight largest companies in the MSCI USA Index (the “Magnificent 7”^{*} and Broadcom) and the appreciation of the U.S. dollar.

With the U.S. dollar near all-time high levels dating back to 1971 and given the concentration of the largest eight companies in the U.S. equity market, we are optimistic that now is a great time to invest in or add to international equities. Not only do international equities offer a large opportunity set for potentially appealing investments, but they also trade at what we consider more attractive valuation levels than U.S. stocks, which has tended to bode well for subsequent relative returns for international stocks. International and U.S. stocks have historically cycled through periods of outperformance and underperformance, with valuation gaps between the two markets and the exchange rate of the U.S. dollar often being the catalysts for market leadership change. The last time we saw comparable valuation levels to today was around 2000-2001, when international stocks traded at a large sector-adjusted discount to U.S. stocks and the U.S. dollar had gone through a strong decade of appreciation relative to foreign currencies. This was followed by a compelling relative return period for international stocks vs. U.S. stocks over the next five years or so.

We remain confident about the prospects of our holdings and are comfortable with the margins of safety they offer. We believe the Brandes International Equity Fund can serve as an excellent complement and diversifier to passive, growth-oriented, or U.S. stocks-dominated strategies.

* Apple, Nvidia, Microsoft, Meta, Amazon, Alphabet, Tesla.

Average Annual Total Returns (%) as of December 31, 2024

Without Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 1/2/1997
Class I	-8.69	7.17	7.17	8.56	7.23	6.06	7.56
Class A	-8.73	6.93	6.93	8.28	6.95	5.81	7.32
Class C	-8.93	6.12	6.12	7.44	6.19	5.21	—
Class R6	-8.67	7.32	7.32	8.67	7.34	6.19	7.64
With Load	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 1/2/1997 ¹
Class A	-13.99	0.78	0.78	6.17	5.69	5.18	7.09
Class C	-9.84	5.12	5.12	7.44	6.19	5.21	—
MSCI EAFE Index	-8.11	3.82	3.82	1.64	4.72	5.19	4.87
MSCI EAFE Value Index	-7.12	5.68	5.68	5.87	5.08	4.31	5.04

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>

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 USA Index with net dividends captures large and mid cap representation of the U.S. 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.

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