Brandes Emerging Markets Value Fund

Fund Commentary

During the quarter, the Brandes Emerging Markets Value Fund outperformed its benchmark, the MSCI Emerging Markets Index.

Positive Contributors

Strong performers included select holdings in China, specifically technology services providers TravelSky Technology and Chinasoft International, education company China Education Group, retailer Topsports International and delivery firm ZTO Express. Even though a weak economy and regulatory uncertainty softened demand and compressed its margins, Chinasoft benefited from signs that the pandemic impact has started to ease. Similarly, TravelSky rose on an improved economic outlook, especially following the government announcement in June that quarantine times for travelers to China would be halved.

Select holdings in Indonesia also aided returns, led by food products company Indofood, which reported stronger-than-expected earnings after overcoming input cost headwinds.

Relative to the benchmark, the Fund's underweights to materials and Taiwan helped performance.

Performance Detractors

A variety of concerns contributed to the market decline in the quarter, including geopolitical risks and inflation, as well as worries about economic growth. As a result, many cyclically oriented companies performed poorly, as did technology-related companies, which continued to see their valuations compress with rising interest rates.

Technology holdings Wiwynn Corp (Taiwan) and SK Hynix (South Korea) declined as the market was concerned about a potential recession. Materials holdings POSCO and Cemex also hurt returns. After performing strongly in the first half of last year, Cemex's share price retreated due to concerns about inflationary cost pressures and an appreciating U.S. dollar.

Other detractors included Brazilian regional jet manufacturer Embraer and Austria-domiciled Erste Group Bank.

Select Buy & Sell Activity

The emerging markets investment committee divested from Mexican telecommunications firm America Movil, while initiating a position in another telecommunications firm, namely Millicom International Cellular. The committee also exited the Fund's position in China South Publishing & Media Group.

Headquartered in Luxembourg, Millicom provides wireless and fixed-line services to 49 million customers across nine countries in Latin America (LatAm). Millicom differs from its LatAm peers in its focus on smaller countries, either by early entry or by acquisition, a strategy that has helped it gain top market share positions in most of the countries in which it operates. Given the low adoption rates of wireless data services across a population of nearly 120 million, meaningful growth opportunities persist across Millicom's geographic markets.

Although we (Brandes LP) have followed Millicom for more than 15 years, this was the first time we purchased its shares. The company recently underwent a large rights offering that increased its shares outstanding by 70%. This, combined with general market malaise, has put Millicom's shares under significant pressure lately.

In our view, Millicom is among the most attractively valued LatAm telecommunications services providers. Its operations are concentrated in countries that have relatively low competition (many are duopolies), lenient regulation and manageable foreign-exchange risk, while offering a

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favourable macroeconomic outlook. There are several potential catalysts that can unlock the value we see in Millicom, including:

- Moving past the rights offering
- Management meeting free-cash-flow guidance and using it to lower leverage
- Share buybacks
- Faster-than-expected balance sheet improvement from infrastructure asset sales (e.g., towers, data centres)
- More visibility into financial technology efforts via a minority investor in its mobile wallet platform Tigo Money

We believe Millicom's positive attributes outweigh the potential risks, and the recent share-price decline has created a compelling entry point for an investment in a company with a strong market position and appealing growth opportunity.

Current Positioning

As of June 30, 2022, the Fund continued to have its largest sector overweights in real estate (note that we do not own any real estate holdings in China) and consumer discretionary, while maintaining key underweights in materials, financials and energy. Mexico and Indonesia were the largest overweights from a country perspective, while China, Taiwan and India remained our underweight positions.

We believe the Brandes Emerging Markets Value Fund continues to offer a diversified portfolio with exposure to post-COVID economic reopening (i.e., through holdings in air travel, casino, luxury retail), inflation (e.g., financials and real estate) and long-term growth drivers in emerging markets (e.g., consumer-related holdings such as e-commerce, food products, apparel, appliances, education). Furthermore, even though the portfolio has always stayed true to its value investing style, our value exposure is different than that of a quantitative or factor approach. Emerging markets value stocks (MSCI EM Value) have performed relatively well compared to the broad market (MSCI EM), partly due to classic cyclicals in the energy and materials sectors that benefited from higher commodity prices. We believe valuations in these sectors were already indicative of above mid-cycle profitability prior to the invasion of Ukraine, and they have become even more elevated since then. In our opinion, economically sensitive sectors levered to a potential post-pandemic rebound, such as consumer discretionary (where we hold an overweight relative to the benchmark and the value index), represent a more appealing opportunity today than classic cyclical sectors such as energy and materials.

China continues to be an important component of the emerging markets asset class. Our allocation to companies domiciled in China has increased in recent years, but it remains lower than the benchmark's China weighting. Compared to MSCI EM's China exposure, we believe our positioning is more exposed to the long-term consumption growth trends and potential reflation in the country (e.g., through our consumer-oriented holdings such as those in retail, education, appliances). Our stock selection also takes into consideration the breadth of risks related to investing in companies in the region, including increased regulation, geopolitical relations with Taiwan and potential ADR (American depository receipt) de-listing.

Additionally, the portfolio maintains an overweight position to Latin America, an area of the market that generally has more depressed valuations than the rest of emerging markets and is more politically as well as geographically isolated from the Russia/Ukraine conflict.

We believe the portfolio's positioning, combined with its overall attractive valuation levels, bodes well for its returns in the long term. As always, we appreciate your continued trust.

About Brandes LP

In the 40-plus years since Brandes LP was founded, its goal has remained the same: pursue above-market gains to help

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investors move closer to their long-term investment objectives. Brandes LP believes that its unwavering commitment to value investing will lead it to attractively priced, fundamentally sound companies worthy of inclusion in the Fund.

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Contribution Analysis (relative to benchmark)

LAST QUARTER

INDUSTRY

Top 5 Contributors	%	Top 5 Detractors	%
IT Services	1.78	Wireless Telecom. Services	-1.07
Metals & Mining	0.63	Aerospace & Defense	-0.85
Semicond. & Semicond. Equip.	0.56	Internet & Direct Marketing Retail	-0.65
Insurance	0.45	Tech. Hardware, Storage & Periph.	-0.56
Chemicals	0.34	Automobiles	-0.55

COUNTRY

Top 5 Contributors	%	Top 5 Detractors	%
India	1.26	Russia	-1.46
Taiwan	1.25	Austria	-0.43
South Africa	0.80	South Korea	-0.42
Saudi Arabia	0.49	Mexico	-0.41
United Arab Emirates	0.25	Thailand	-0.32

COMPANY

Top 5 Contributors	%	Top 5 Detractors	%
TravelSky Technology Ltd H	0.81	Embraer S.A. ADR	-0.83
Taiwan Semiconductor	0.45	Wiwynn Corp.	-0.65
Chinasoft International Ltd	0.42	Posco	-0.55
China Education Group	0.27	Sistema JSFC GDR	-0.48
Indofood Sukses Makmur Tbk.	0.24	Detsky Mir PJSC	-0.47

LAST 12 MONTHS

INDUSTRY

Top 5 Contributors	%	Top 5 Detractors	%
Interactive Media & Svcs.	2.61	Banks	-2.64
Internet & Direct Marketing Retail	1.13	Wireless Telecom. Services	-2.14
Food Products	1.05	Specialty Retail	-1.32
Media	0.83	Aerospace & Defense	-1.15
Semicond. & Semicond. Equip.	0.78	Construction Materials	-0.99

COUNTRY

Top 5 Contributors	%	Top 5 Detractors	%
China	3.50	Russia	-4.52
India	0.91	Mexico	-0.71
Brazil	0.80	Chile	-0.59
Taiwan	0.60	Austria	-0.39
South Korea	0.57	Hong Kong	-0.34

COMPANY

Top 5 Contributors	%	Top 5 Detractors	%
Zee Entertainment Enterprises	0.72	Sberbank	-2.41
Wen's Foodstuff Group	0.58	Lukoil ADR	-1.40
Petroleo Brasileiro SA Pfd	0.54	Detsky Mir PJSC	-1.38
Taiwan Semiconductor	0.47	Mobile Telesystems	-1.37
Vivo Energy Plc	0.34	Cemex SA de CV ADR	-1.20

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Quarterly Additions/Deletions

Additions	Deletions
Millicom International Cellular	China South Publishing
	America Movil

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BRANDES

on the BRIDGEHOUSE INDEPENDENT PLATFORM