

Brandes Canadian Equity Fund

Fund Commentary

Overall, 2017 was a difficult year for value investors on a relative basis. Given the global market's strong appreciation and the difficult environment for value, our portfolio positioning, while resulting in underperformance vs. the benchmark for the year, continues to reflect our commitment to the value investing philosophy and our long-term focus.

Against this backdrop, the Brandes Canadian Equity Fund underperformed its benchmark, the S&P TSX Composite Index in the fourth quarter of 2017.

Positive Contributors

The Fund's holdings in the Marine, Airlines and Machinery industries were positive contributors to performance.

The top contributors were Algoma Central Corporation (Marine), HNZ Group (Airlines) and Dorel Industries (Household Durables).

Performance Detractors

The Fund's holdings in Electronic Equipment Instruments and Biotechnology industries detracted from returns during the quarter. The Fund's underweight to Banks also detracted from relative performance.

The top detractors from performance were Novelion Therapeutics Inc. (Pharmaceuticals), Celestica Inc. (Electrical Equipment Instruments) and Chesapeake Energy Corporation (Oil, Gas & Consumable Fuels).

Current Positioning

At the close of the quarter, the Fund's largest industry weights were in Insurance, Beverages and Oil, Gas & Consumable Fuels. Please note that while macro conditions are considered when Brandes LP determines valuation estimates for individual companies, the Fund's industry weightings are a by-product of bottom-up stock selection, not the result of top-down observations.

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 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	%
Marine	0.94	Banks	-1.57
Airlines	0.57	Elect. Equip., Instr. & Components	-0.41
Household Durables	0.26	Metals & Mining	-0.36
Communications Equipment	0.22	Biotechnology	-0.33
Beverages	0.21	Insurance	-0.32

COMPANY			
Top 5 Contributors	%	Top 5 Detractors	%
Algora Central Corp.	0.94	Celestica Inc.	-0.41
HNZ Group Inc.	0.57	Novellon Therapeutics Inc	-0.34
Dorel Industries Inc. Cat B	0.26	Chesapeake Corp.	-0.20
EXFO Inc.	0.19	E-L Financial Corp. Ltd.	-0.19
High Liner Foods Incorporated	0.18	Norbord Inc.	-0.16

LAST 12 MONTHS

INDUSTRY			
Top 5 Contributors	%	Top 5 Detractors	%
Communications Equipment	2.42	Banks	-3.44
Paper & Forest Products	1.15	Road & Rail	-0.86
Marine	0.97	Household Durables	-0.69
Oil, Gas & Consumable Fuels	0.75	Metals & Mining	-0.46
Airlines	0.68	Biotechnology	-0.41

COMPANY			
Top 5 Contributors	%	Top 5 Detractors	%
Sierra Wireless	1.98	Chesapeake Corp.	-0.98
Norbord Inc.	1.17	Dorel Industries Inc. Cl. B	-0.69
Algora Central Corp.	0.97	Novellon Therapeutics Inc	-0.45
E-L Financial Corp. Ltd.	0.63	High Liner Foods Inc	-0.33
HNZ Group Inc.	0.50	Cameco Corp.	-0.24

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